

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the **California Horse Racing Board** will be held on, **Tuesday, January 23, 2007**, commencing at **1:00 p.m.** at the **Arcadia City Hall**, 240 West Huntington Drive, Arcadia, California.

AGENDA

Action Items:

1. Approval of the **minutes of the regular meeting of October 26, 2006.**
2. Approval of the **minutes of the regular meeting of November 27, 2006.**
3. Report by representatives of Magna Entertainment Corporation (MEC) on the **progress of the redevelopment of the barn area at the Santa Anita racetrack.**
4. Discussion and action by the Board on the **Application to Conduct a Horse Racing Meeting of the Bay Meadows Racing Association (T) at Bay Meadows**, commencing February 14, 2007 through April 22, 2007, inclusive.
5. Report by the racing associations on the **progress of the selection of a totalizator provider for California racetracks.**
6. Discussion and action on the enforcement of **CHRB Rule 1690.1, Toe Grabs Prohibited.**
7. Report on the status of the **Jockey Health Assessment Study.**
8. Report from the CHRB Equine Medical Director concerning **Equine Herpes Virus (EHV-1) at California racetracks.**
9. Report of the **Medication Committee**

Commissioner William A. Bianco, Chairman
Commissioner John Harris, Member
Chairman Richard B. Shapiro, Member
Ingrid Fermin, Executive Director

10. Discussion and action on the **Racing Medication and Testing Consortium (RMTTC) penalty guidelines and the proposed addition of and amendment to:**
 - a. **CHRB Rule 1843.3, Penalties for Medication Violations**
 - b. **CHRB Rule 1843.2, Classification of Drug Substances**
11. Staff report on the following concluded race meets:
 - A. **Bay Meadows Racing Association** at Bay Meadows from December 26, 2005 through December 18, 2006.
 - B. **Pacific Racing Association** at Golden Gate Fields from February 8, 2006 through October 15, 2006.
 - C. **Hollywood Park Fall Racing Association** at Hollywood Park from November 1, 2006 through December 18, 2006.
 - D. **Sacramento Harness Association** at Cal-Expo from July 30, 2006 through December 16, 2006.

Other Business

12. **General Business:** Communications, reports, requests for future actions of the Board.
Note: Persons addressing the Board under this item will be restricted to **five (5) minutes** for their presentation.
13. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
 - A. Personnel
 - B. Board may convene a Closed Session to consider any of the attached pending litigation.
 - C. The Board may also convene a Closed Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Jacqueline Wagner.

CALIFORNIA HORSE RACING BOARD

Richard B. Shapiro, Chairman
John C. Harris, Vice Chairman
John Amerman, Member
John Andreini, Member
William A. Bianco, Member
Marie G. Moretti, Member
Jerry Moss, Member
Ingrid Fermin, Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Arcadia City Hall**, 240 West Huntington Drive, Arcadia, California, on **October 26, 2006**.

Present: Richard B. Shapiro, Chairman
Marie G. Moretti, Vice-Chairman
John Amerman, Member
John Andreini, Member
William A. Bianco, Member
John C. Harris, Member
Jerry Moss, Member
Ingrid J. Fermin, Executive Director
Derry L. Knight, Deputy Attorney General

MINUTES

Chairman Shapiro asked for approval of the minutes of the Regular Meeting of September 20, 2006. Commissioner Amerman **motioned** to approve the minutes. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

REPORT BY REPRESENTATIVES OF MAGNA ENTERTAINMENT CORPORATION (MEC) ON PROPOSED PLANS FOR IMPROVEMENT OF ITS CALIFORNIA OWNED RACETRACKS.

Rick Caruso, a private developer of retail properties, said the project at Santa Anita Park Race Track (SA), which was to be called "The Shops at Santa Anita," was to breath new life into SA and extend the stay of patrons. This would enhance revenues by introducing new business into the racetrack environment. Mr. Caruso stated the focus would be on upscale flagship stores that had the effect of extending the average patron's length of stay to three times that of a conventional shopping center. The new facilities would allow patrons to move between the track, shopping and dinning, and back to the track. Mr. Caruso gave a Power Point presentation regarding other projects his company created at various locations. He explained

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the philosophy behind the design of the properties and stated the same purpose existed for the SA project, which was to attract families that would stay for shopping, dining and horse racing. The project was approximately 825,000 square feet of boutiques, shops and restaurants that would cover 60 acres to the south of the racetrack. It would include 24 acres of open space, 10,000 square feet for a community performing arts center, and 22,000 square feet dedicated to the Arcadia School District for administrative offices. He explained how the project would be connected to the paddock area and stated the saddling barns would be relocated to their historic location. On non-race days the paddock area would be opened via a new park, and on race days, it would be closed off, but the public would be able to see the horses parade. Mr. Caruso said the Arcadia City Council would hear the project in March 2007, and unless there were intervening issues, construction would commence within an additional eight months, and would last approximately two years. Chairman Shapiro complemented Mr. Caruso on the quality of the proposed project, and asked how it would affect parking and the barn area. Mr. Caruso said the project would not affect the barn area. He stated there were currently 15,500 parking spaces at the facility. There would be 18,500 total parking spaces after construction. Mr. Caruso added that count did not take into account the shared use of parking spaces with patrons making multiple trips between the retail spaces and the racetrack. Vice-Chairman Moretti asked if SA had any concerns regarding parking. Ron Charles of Magna Entertainment Corporation (MEC) said his organization believed there was adequate parking. He stated Mr. Caruso would work with SA on high attendance days. Past experience with up to 80,000 persons attending were handled with shuttle bus transportation from other locations. Commissioner Amerman asked how two years of

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construction would affect SA. Mr. Caruso said his firm was committed to ensuring there were no impacts on the operations or the safety of the track or the horsemen. Commissioner Harris asked if there was a referendum on the project. Mr. Caruso stated the Westfield Company had two referendums on the November 2006 ballot. One would prohibit billboards in Arcadia and the other would prohibit paid parking for retail facilities. Neither referendum would affect the SA project. Mr. Caruso said Westfield would probably make additional attempts to halt the SA project, and they could add a year and a half to the timeline. If that were the case, the project would open in 2011. Commissioner Harris said one issue was that the track charged admission. He asked if SA would consider some version of free admission to encourage movement between the project and the track. Mr. Charles said MEC management discussed the issue of admission and parking, and it realized the issue would have to be addressed. Frank Demarco of MEC stated his organization met with Mr. Caruso to discuss the effect of construction on track patrons. He stated all construction activity would be channeled through gate one off of Huntington Drive, which would isolate it from the rest of the track. Mr. Demarco said the barn area was an ongoing issue that involved various City of Arcadia administrations and owners of SA. Several plans were submitted to Arcadia, and they were all rejected. In September 2006 the racetrack facility, including the barn area, was declared an historical monument, which meant the property could be sold, but no substantial adverse changes could be made unless they complied with local ordinances and the California Environmental Quality Act (CEQA). SA could apply to tear down and reconstruct some barns, but that probably would not happen until the Caruso projects Environmental Impact Report (EIR) was approved. Chairman Shapiro stated he met with Frank Stronach of MEC

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and was told that SA would move immediately to rebuild ten barns and two dormitories. He asked if Mr. Demarco was indicating that could not be done. Mr. Demarco stated SA would need permission of the City of Arcadia and the acquiescence of the CEQA. Chairman Shapiro asked if SA had started the process. Mr. Demarco stated there were many issues involved in rebuilding the barns – including subsurface wires and pipes. He said he did not know if SA could tear down as many as ten barns at a time, but some would be razed and temporary barns would be used. One problem with the CEQA was SA could not do piecemeal development. Once the Caruso project was completed SA could file its own EIR and reconstruct the barns. Meanwhile, SA would work with the city to tear down some barns and install temporary facilities. Commissioner Amerman stated that meant an issue important to horse racing would not be addressed until 2011, which was not acceptable. He suggested SA take city officials on a tour of the backstretch area to demonstrate the need for near-term change. Commissioner Andreini said at his first Regular Board Meeting SA was questioned regarding its plans for the backstretch. He stated SA claimed it would have plans to improve the backstretch in place by April 2006; however, nothing happened. Commissioner Andreini stated the Caruso project was beautiful, but nothing came of the promises SA made regarding the barn areas. He said it was important for SA to fulfill its commitments. Commissioner Andreini asked when SA would install its synthetic track as mandated by the Board. Mr. Charles said SA had every intention of reworking the barn areas. He stated the funds were approved, but the City of Arcadia proved difficult to work with and the barns could not be replaced until the administrative hurdles were overcome. Mr. Charles added the synthetic racing surface would

be installed during the Del Mar meeting in 2007. He commented Hollywood Park would stay open to accept horses while SA installed the racing surface.

DISCUSSION REGARDING RACING PROGRAMS AND THE FEASIBILITY OF ADJUSTING ENTRY TIMES AT CALIFORNIA RACETRACKS.

Commissioner Harris said he believed entry times of 72 to 96 hours would have positive effects regarding medication and planning the horse's training schedule, as well as publicizing races. He stated Hollywood Park was going to a 72-hour entry, which was a positive step. Commissioner Harris added 96 hours would be better, and the industry needed to look beyond its traditional way of conducting entries. Ed Halpern of California Thoroughbred Trainers (CTT) stated Del Mar had indicated it would go to a 96-hour entry time. He said CTT was meeting with veterinarians and racing secretaries, and progress had been made toward extending entry times.

REPORT OF THE STRATEGIC PLANNING COMMITTEE.

Chairman Shapiro said the Strategic Planning Committee (Committee) met on numerous occasions with the vision of pushing the industry to accept change in the traditional racing calendar. In Northern California the primary goal was to reduce the number of days during inclement weather, and to create a combined racing fair program that would result in fewer racing events and larger fields. Recognizing that Bay Meadows would cease operating after 2007, a total of eight racing days were eliminated at Golden Gate Fields and Bay Meadows, and an additional four days would be eliminated from combined fairs, or 45 fewer

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thoroughbred events would be conducted. Chairman Shapiro added some overlap was also eliminated from racing fairs. The racing fairs understood that if the weakest performers did not improve in 2007, they would not be awarded dates thereafter. The fairs also understood they needed to improve their facilities, and produce for the benefit of racing. In Southern California the 2007 calendar was essentially the same as in 2006, with fewer days in the winter. A conscious effort was made to try some four-day weeks to see if it would result in larger fields and better racing during inclement periods. Hollywood Park took the position that as it had installed a synthetic racing surface it should have the 17th week of the Santa Anita season. However, the Committee voted to award the week to Santa Anita. The Committee voted to recommend the Board adopt the calendars.

DISCUSSION AND ACTION BY THE BOARD ON THE ADOPTION OF THE RACE DATES CALENDAR FOR THE 2007 RACING YEAR.

Chairman Shapiro said the proposed 2007 Southern California race dates for quarter horse racing were: 208 nights beginning December 26, 2006, through December 23, 2007. Vice-Chairman Moretti **motioned** to adopt the 2007 quarter horse racing calendar. Commissioner Amerman **seconded** the motion, which was **unanimously carried**. John Reagan, CHRB staff, said the harness industry notified staff it was proposing a racing calendar that was different from the Committee's proposal. The harness industry would apply for the dates in November 2006. Chairman Shapiro said the harness race dates calendar would be **deferred**. He stated the 2007 Northern California Racing Fair calendar consisted of two proposals. One was a total of 276 race dates, and the other was a total of 272 race dates. Joe Barkett representing California Authority of Racing Fairs (CARF) stated the fairs agreed to give up June 13 at

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Stockton; July 13 at Vallejo; and August 20 at San Mateo. In lieu of giving up July 2 at Pleasanton, CARF proposed to reduce racing at Santa Rosa, Pleasanton and Fresno by a total of eight races, which would equal an additional day. Drew Couto of Thoroughbred Owners of California (TOC) said his organization endorsed the CARF proposal. Commissioner Harris stated he was concerned with the reduction of races per day. Fresno had large fields in 2006 and had to ask for additional races. It did not seem right that a successful meeting like Fresno was restricted because it was at the end of the fair circuit. Mr. Barkett said CARF agreed and would prefer not to eliminate the eight races, but the Committee instructed the fairs to eliminate four days or the equivalent in races. Chairman Shapiro said the Committee wanted to look at fairs that were struggling. It did not want to cut any races from those with healthy meetings. Commissioner Harris said it seemed CARF was cutting from the fairs that had better meetings. Mr. Barkett stated the days that were cut were arguably the best days to be cut. However, Pleasanton felt strongly that it was not in its best interest for the suggested day to be cut from its meeting. CARF then arrived at the best alternative it could. Chairman Shapiro said Pleasanton would be the only track running in California on the date the Committee suggested it cut. There would be no simulcasting and the revenue generation would not be tremendous. The cut would provide future racing opportunity and larger field sizes for the fairs that followed. Chairman Shapiro suggested the Board adopt the proposed racing fair calendar with 73 race days, with the right to return and modify the dates if there was a demonstrated reason. Commissioner Harris said he questioned giving some of the fairs fewer days absent any data showing they were not putting on a great program. Mr. Couto stated the industry worked together to develop the 2007 race dates calendar. Every association

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conceded dates for the greater good of horse racing. When it came to the fairs, the industry felt it should leave some flexibility, as the fairs understood their system. He said the fairs developed the model that was in front of the Board. Mr. Couto stated the industry felt the proposed racing calendar was the best calendar for Northern California for 2007. Commissioner Harris asked if the proposed calendar eliminated any overlap for Stockton. Mr. Couto said one of the objectives was to eliminate overlap and let the fairs prove how valuable they were on their own. Commissioner Harris said it did not seem fair that Stockton had no overlap, yet Fresno's overlap was not changed. Mr. Couto stated the issue was continued viability of two fairs in the north; Fresno's viability was not in question. The Committee wanted to give Stockton the greatest opportunity to succeed on its own, and that meant no overlap. Chairman Shapiro said the logic was for the fairs to perform or disappear. All obstacles were eliminated to give the fairs in question the opportunity to show they could be viable. Stockton agreed it would not return for dates in 2008 if it did not succeed. Vallejo stated it would return with a plan of action for significant improvement of its facility. Chairman Shapiro stated the plan must include actions that demonstrated the source of the funding, what would be done and when it would be done. Simply returning with beautiful drawings would not sit well with the Board. Forest White of Stockton said his organization made a commitment to do the best it could in 2007. If it performed well, it hoped to keep the same dates; if it was marginally successful it could move to September dates; if it did not do better or did worse, it would look at consolidating with another fair and going out of business as a live track. Mr. White added Stockton would put additional revenues back into the facility for improvements. Vice-Chairman Moretti **motioned** to adopt the proposed 2007 74-day

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racetrack calendar for Racing Fairs, and the 2007 race dates for Bay Meadows and Golden Gate Fields. Commissioner Amerman **seconded** the motion. Commissioner Harris stated he could support the motion if Fresno was exempt from a cap on races. Vice-Chairman Moretti **amended** the **motion** to exempt Fresno from any cap on the total number of races written. The motion was **unanimously carried**. Chairman Shapiro **motioned** to amend the proposed 2007 Southern California thoroughbred race dates so that in addition to the dates the Committee recommended, Santa Anita could race on December 28, 2006; and January 10, 2007, and the week of April 18, 19, 20, 21 and 22, 2007, and Hollywood Park could race on May 23, July 2, July 16 and December 17, 2007. If Santa Anita did not install a synthetic surface by October 2007, or did not commence construction or replacement of ten barns in its barn area, the week of April 18 through 22, 2007 would be allocated to Hollywood Park in 2008. Vice-Chairman Moretti **seconded** the motion. Commissioner Harris said an effort was made to eliminate the six-day weeks, but he agreed it made sense to re-insert December 28, 2006, and January 10, 2007, for Santa Anita. However, he stated January 17 and 24, 2007, should be dropped as they followed major holidays and the weather could be wet. There were usually short fields during those times and the strain of six-day weeks would affect the horse population. He added he did not know if the Board could do anything regarding the motion's condition on Santa Anita. Chairman Shapiro said the condition provided guidance to the Board in 2007 regarding the current Board's intentions. Commissioner Amerman stated if the Board did not address the issue it would never be solved. There needed to be something in place that the Board could use to measure Santa Anita's progress. He said the proposed dates should be left as a nod to Santa Anita's commitment to improve its facilities. Santa Anita needed the

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opportunity to build on its 2005 winter season, which was up substantially. Terry Fancher of Hollywood Park addressed the Board regarding his organization's commitment to horse racing, and the efforts it took to advance horse racing in California. Mr. Fancher enumerated the various activities Hollywood Park took on behalf of horse racing, including opposition to Indian gaming compacts, and development of legislative relations. He also spoke about the synthetic racing surface Hollywood Park installed in 2006. Mr. Fancher stated Hollywood Park would be penalized if the Board awarded the swing week to Santa Anita, and asked the Board to consider the impact its decisions would have on his organization. Scott Daruty of Magna Entertainment presented a Power Point presentation regarding Santa Anita. He spoke about his organization's successful 2006 meeting and the reasons Santa Anita traditionally ran 17 weeks. Mr. Daruty also compared Hollywood Park and Santa Anita 2006 daily attendance and handle. He concluded his presentation by stating the Board should look at the facts and make a decision that was best for the industry. Jack Liebau of Hollywood Park spoke in favor of granting the week of April 25 through April 29, 2007, to Hollywood Park. Shane Gusman representing the Teamsters Union, Unite Here and the Jockey's Guild said the Teamsters Union and Unite Here supported Hollywood Park's race dates proposal. He stated, however, the Jockey's Guild did not want to take a position. Lee Hall of Local 1877 said his organization supported Hollywood Park's race dates proposal. Craig Fravel of Del Mar Thoroughbred Club (DMTC) said although the industry tried to have a two day break between meetings, he would support a compromise that had Hollywood Park close on the Monday before the DMTC opening. Chairman Shapiro stated one of the problems was that the calendar was adjusted so DMTC did not race beyond Labor Day, and so there was a Christmas

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break. He said if the calendar was moved down one week all parties could be made happy. However, that could harm DMTC, and TOC would have a problem. Mr. Fravel said DMTC did an analysis of such a calendar and found it was not in DMCT's interest to run the week after Labor Day. He stated DMTC could not concede it should move a week to solve the dispute between Hollywood Park and Santa Anita. Mr. Fravel added that moving the entire schedule down a week would affect DMTC's graded stakes schedule, and would adversely affect the Oak Tree meeting. Richard Mandella, a horse trainer, spoke in favor of Santa Anita's 2007 race dates proposal. Rod Blonien, representing Hollywood Park, spoke in favor of the Hollywood Park 2007 race dates proposal. Commissioner Amerman said he applauded Hollywood Park for installing a synthetic racing surface. He stated Hollywood Park would have an excellent fall 2006 meeting. However, he said he felt the dates should remain where they were for 2007, and in 2008 the Board could consider granting them to Hollywood Park. Vice-Chairman Moretti commended Hollywood Park for installing a synthetic track surface, which she believed would be good for all of California racing. She said the issue before the Board did not come about because the Board wanted to give the week to one track or the other. It was the result of constraints the Board put upon itself because it believed it was better for the industry to allow Del Mar to close after Labor Day, to make sure Oak Tree could prep for the Breeders' Cup and to give Santa Anita the traditional December 26 opening day. In 2005 the Board asked the industry to revive itself, to put more money into marketing and improve the bottom line. Santa Anita complied and had an incredible year. In 2006 the Board asked that synthetic racing surfaces be installed. Hollywood Park was the first track to comply. However, the Board had concrete evidence that Santa Anita's marketing efforts worked. Vice-

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Chairman Moretti said in 2007 she wanted to see Hollywood Park's numbers before voting. In addition, if Santa Anita did not install such a track surface, its dates would be in question. Vice-Chairman Moretti commented she had been on the Committee for several years; however, in 2006 she had never been so bombarded, or lobbied by lobbyists, associations, and legislators who knew nothing about horse racing other than what they were told by lobbyists. She stated she received letters that held veiled threats and she did not appreciate it. Vice-Chairman Moretti stated she believed if the industry put as much energy into a pro-horse racing campaign as it did into the letters and lobbying for dates, it could do wonders in Sacramento. Commissioner Bianco said he had never gotten so much email, faxes and threatening letters from public officials. He stated he did not like it, and he believed the only reason anything was being accomplished was the hard line the Board was taking on many issues. If the competitors in the industry could not give a little, then it was up to the Board to make the hard decisions. The Board tried to consider every argument and the financial realities, but in the end, it had to make a decision and that is what it had done. Commissioner Harris said he agreed with much of what had been said, and there was no simple solution to the issue before the Board. He stated he did not think a precedent should be set by giving Santa Anita the week, but the compromise he might favor would change what the Committee already looked at. If any changes were made to the Committee's recommendation, Commissioner Harris said he would like to add a few more days to Hollywood Park. Chairman Shapiro said Hollywood Park did a wonderful thing when it installed its synthetic racing surface. He stated he could not wait to see how such racing surfaces would work at the other thoroughbred racetracks. However, he resented that over the past few weeks he heard from the president of

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the senate, the assembly leaders, various senators and even the Governor's Office. Chairman Shapiro said it was clear it was the Board's role to set race dates, and it was unfortunate that some thought lobbyists and political pressure could influence the Board's decisions. Chairman Shapiro added he agreed with Vice-Chairman Moretti that it was ashamed such energy was not used for positive improvements in the industry. The Board was not trying to inflict financial harm on any party; rather, it was looking to address the problems that were endemic in the industry. The Committee's job was not to favor one track over another; instead, it looked at the racing calendar and tried to determine how it could help the industry as a whole. When the Committee ran numbers, in every instance there was more purse revenue generated from all sources at Santa Anita. The Committee also looked at long-term commitment, and was mindful that Santa Anita would remain committed to horse racing for many years with no caveats. Chairman Shapiro stated he supported the motion, which was to adopt the calendar recommended by the Committee with the addition of December 28, 2006, and January 10, 2007 at Santa Anita, and May 23; July 2; July 16; and December 17, 2007, at Hollywood Park. Commissioner Harris asked if the motion could be amended to allow Santa Anita to run on January 10, but not on January 17, 2007, and run on February 14, but not on February 21, 2007. In addition, Hollywood Park would run December 19, 20 and 21, 2007. Chairman Shapiro said he would **amend** the **motion** to comply with Commissioner Harris's request. Commissioner Bianco **seconded** the motion, which was **carried** with Commissioner Moss **recused**.

DISCUSSION AND ACTION BY THE BOARD ON THE MATTER OF: (1) LICENSING AND SETTING OF ADW HUB RATES AND THE OBLIGATIONS OF ADW COMPANIES AND OR RACING ASSOCIATIONS TO HAVE AGREEMENTS WITH HORSEMEN'S OR OWNER'S ORGANIZATIONS; (2) TVG AND TOC HUB FEE RATE DISPUTE RELATING TO IMPORTED TB RACES AND THE PROPRIETY OF AN ADW COMPANY TO IMPORT RACES WITHOUT A CONTRACT IN PLACE WITH A RACING ASSOCIATION OR HORSEMEN'S ORGANIZATION OF THE SAME BREED AS THE IMPORTED RACES; (3) METHOD OF DETERMINING, CALCULATING AND RESERVING FOR RATES IN DISPUTE; (4) ANY OTHER RELATED MATTER CONSIDERED PART OF THE DISPUTE BETWEEN ANY ADW COMPANY AND ANY RACING ASSOCIATION OR HORSEMEN'S OR OWNER'S ORGANIZATION.

Drew Couto of Thoroughbred Owners of California (TOC) summarized the different views of TVG and TOC regarding advance deposit wagering issues. He stated the issues were: Did the Board have authority to condition an ADW license? Did the Board have authority to administer and establish procedures by which California's horse racing laws and regulations would be applied and interpreted? And, did TVG's failure to strictly comply with the terms of the Interstate Horse Racing Act (IHRA) render its handling of interstate wagers in California illegal? Mr. Couto cited actions of the California Legislature, and various legal opinions in support of his contention that the Board did have authority to administer and establish procedures to interpret and apply horse racing law and regulations, the Board had authority to condition licenses, and TVG's was not complying with the IHRA. Chairman Shapiro said he wanted all the ADW providers to continue doing business in California. He stated he would like to see them service more tracks and their business enhanced. Now was not the time for legal arguments; instead, the Board would like to see the parties continue talking, and working towards an agreement.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT ADVANCED DEPOSIT WAGERING (ADW) OF XPRESSBET, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 THROUGH DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said XpressBet filed an application as an out-of-state multi-jurisdictional wagering hub to provide advance deposit wagering (ADW). Ms. Wagner stated XpressBet was currently licensed through December 31, 2006, and had applied for a license to run until December 31, 2007. XpressBet would offer ADW wagering 24 hours a day. XpressBet currently had horsemen's approvals and track contracts that expired in December 2006. Ms. Wagner said XpressBet was in negotiations for 2007 contracts and agreements, which were missing from the application. Ms. Wagner stated staff recommended the Board approve the application contingent upon receipt of the missing items. Chairman Shapiro said it appeared XpressBet had an agreement with the horsemen since 2002. Scott Daruty, representing XpressBet, stated that was correct. Chairman Shapiro asked if XpressBet objected to the requirement that a horsemen's agreement accompany its application. Mr. Daruty said XpressBet had no objections to the requirement. Chairman Shapiro asked if XpressBet would want to reach an agreement with Hollywood Park to provide ADW services. Mr. Daruty said XpressBet would love to carry Hollywood Park's signal. He stated in limited jurisdictions XpressBet accepted telephone wagers on Oak Tree, Del Mar and Hollywood Park. Within the state of California XpressBet did not accept wagers on any of the three racetracks. Chairman Shapiro said at the inception of ADW there were promises of job creation in California. He stated at that time the Board believed such jobs would materialize, but due to the presence of hubs in other states, few jobs were created in California. XpressBet employed 3.5 union members, which did not seem like a lot of jobs, and was not fair to the

union that supported the ADW legislation. Chairman Shapiro stated Frank Stronach of Magna indicated telephone operator jobs were being transferred from Pennsylvania to Oregon. He asked if any of the jobs could be moved to California. Mr. Daruty said the economics of having a call center in California could not be justified. However, XpressBet had entered into discussions with the union about other jobs. There were no ideas regarding jobs that satisfied the union, but the talks continued. Chairman Shapiro asked what XpressBet's plans were to make ADW work well in California, and what did it think about the concept of exclusiveness? Mr. Daruty said XpressBet did not believe in the exclusive model. XpressBet believed exclusivity was harmful to the industry and the fans. However, XpressBet did have some exclusive rights over Magna racetracks and it did not provide that content to TVG, but that was a defensive position in response to TVG's original exclusive model. XpressBet would gladly trade its Magna content for TVG's content on any terms TVG chose, as long as such terms were reciprocal. Chairman Shapiro asked if California horse racing was better off making its signal available at as many places as possible. Mr. Daruty said XpressBet believed horse racing was a product, and if a product were placed in front of as many people as possible, more people would buy it. The broadest possible distribution was good for horsemen and the fans. Chairman Shapiro said it appeared in many cases that the horsemen were not getting enough of the ADW revenue, and purses needed to be improved. He asked if XpressBet had any solutions for those problems. Mr. Daruty said XpressBet believed high host fees were important, as the money was returned to the racetrack that produced the show, and half of it was split with the horsemen. Chairman Shapiro asked what the host fee was on an out-of-state wager on a California track. Mr. Daruty said with a 19 percent takeout, the fee

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XpressBet paid the California track was 7 percent. Half of the fee would go to the host track, and half would go to purses. The remaining funds would pay a source market fee to the jurisdiction that generated the wager, and the ADW provider would retain the amount left. Chairman Shapiro said the numbers he saw indicated if a wager was placed in Iowa through XpressBet, XpressBet would retain 12.5 percent, and the horsemen would receive 2.9 percent, which did not seem right. He stated he understood XpressBet had to pay other parties, but clearly it was making more than the horsemen. Mr. Daruty said he understood Chairman Shapiro's point, and he agreed more money needed to be returned to the horsemen and the tracks. However, the source market also needed to be compensated. From the source market's point of view the patron wagering on a California race through ADW could have wagered at the racetrack in that jurisdiction. That on-track wager would have been more valuable to the source market, so it too wanted compensation. Mr. Daruty said the tension was in leaving enough of the fees for the ADW provider to justify its business in California. Otherwise the provider would tell its customers not to wager on California races. Commissioner Harris said California produced premier racing, and it seemed reasonable to receive a little more in return. Mr. Daruty said California law did not allow ADW providers to pay more than 3.5 percent in host fees. If a California fan placed a wager on an out-of-state race, the most the other jurisdiction received was 3.5 percent. While California was asking for higher host fees it was telling other jurisdictions it would not pay for their content. Chairman Shapiro asked if other jurisdictions limited host fees. Mr. Daruty stated he did not know of another jurisdiction that limited such fees. Commissioner Moss asked if the National Thoroughbred Racing Association ever dealt with the issue. Mr. Daruty said there were

discussions among a number of parties, but he did not know of a specific attempt to tackle the problem. He added there needed to be some variability as Santa Anita's signal was worth more than a small racetrack's. Chairman Shapiro said the issue was the ADW companies would direct fans to wager on the product on which they make the most money. ADW would not promote California racing if it was too expensive. Commissioner Harris commented if the product were given away, California horsemen would be out of business. Commissioner Amerman asked if the fees had changed since 2002. Mr. Daruty said the host fees were higher than those charged in 2002. The fees were negotiated with the ADW providers that were taking the signal. However, if a deal was made and the horsemen did not agree, there was no deal. Mr. Daruty added the agreements between XpressBet and Santa Anita and Golden Gate Fields were not in the application. He stated XpressBet had an understanding with Thoroughbred Owners of California and an agreement with the racing associations would be reached. Chairman Shapiro said the application could not move forward without the agreements. He stated the application would be **deferred** until it was deemed complete, and the item would be placed on the November 2006 Regular Board Meeting agenda.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCED DEPOSIT WAGERING (ADW) OF YOBET.COM, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB AND APPROVAL FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 THROUGH DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said YouBet.Com (Yobet) filed two applications. One application would provide advance deposit wagering (ADW) services as a California multi-jurisdictional wagering hub and the other application would provide ADW services as an out-

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of-state multi-jurisdictional wagering hub. Ms. Wagner stated Youbet was currently licensed to provide such services. The applications would run from January 1, 2007 through December 31, 2007. Youbet proposed to operate seven days a week between the hours of 8:30 a.m. until 11:00 p.m. Pacific Time. Youbet originally applied for a two-year license, but the statutory authority for ADW would sunset December 31, 2007. Ms. Wagner said the outstanding items in the applications were the horsemen's agreements for 2007, the California Harness Horsemen's agreement and one director needed to complete the licensing process. She stated staff recommended approval of the applications conditioned on receipt of the missing items. Charles Champion of Youbet gave a Power Point presentation regarding his organization. Chairman Shapiro asked why Youbet was not pushing California content. Mr. Champion said it was purely an economic decision. When all the fees and payments were considered, the overall business in California was 1 percent or less. In certain cases a wager on a California race actually had negative consequences. Mr. Champion stated the market access fee in California was a significant factor. Chairman Shapiro asked if Youbet objected to horsemen's agreements, or to non-exclusive agreements. Mr. Champion said from a track perspective, Youbet believed exclusive agreements were a mistake. Chairman Shapiro asked how ADW could be restructured within Youbet's confines so that California could be more productive for Youbet. Mr. Champion said there needed to be a level playing field based on the free market. That would create a competitive landscape, which helped companies develop better products and services. Mr. Champion stated the source of Youbet's problems was another provider, and he hoped one day the provider would realize it was losing money by fighting rather than working together. Chairman Shapiro said the Board did not want to see any ADW provider

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harm, but California's industry and fans deserved the best products. Mr. Champion said the ADW enabling statute would sunset and that provided an opportunity to restructure the system. He stated the conversation before the Board was a clear signal to the industry that the Board's patience as well as that of the fans was running out. Either the industry worked together to solve its ADW issues or it would be subject to decisions made on its behalf by others. Chairman Shapiro said he agreed. The industry needed to find a way to make ADW more productive for California racing and to allow ADW providers to make more money. Commissioner Harris asked if Youbet got a better fee from tracks that were not exclusive. Mr. Champion said TVG had a clause in its contract that allowed it to designate certain tracks non-exclusive and charge an additional 3 percent fee for Youbet to carry the signal. He stated it diminished Youbet's margins and forced it to do things in the market that were not in the industry's collective best interests. However, it was an example of what happened when the economics of ADW was skewed. That was one reason Youbet was not carrying California content and it had not been sensitive to the 25-mile area of the track and cannibalization issues. Chairman Shapiro said the application would be **deferred** until it was deemed complete, and the item would be placed on the November 2006 Regular Board Meeting agenda.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCED DEPOSIT WAGERING (ADW) OF ODS TECHNOLOGIES, L.P., DBA TVG, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 TO DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said ODS Technologies, L.P., dba TVG (TVG) applied to operate as an out-of-state multi-jurisdictional wagering hub for advance deposit wagering

(ADW). TVG applied for a two-year approval under Board Rule 2072, Approval to Conduct Advance Deposit Wagering by an out-of-state Applicant, with the second year conditioned on the extension of the ADW enabling legislation. TVG would provide ADW services 365 days a year, on a 24-hour basis. Ms. Wagner stated the application was missing the horsemen's agreement. Staff recommended the Board approve the application for a period of one year conditioned on the receipt of the missing information. David Nathanson of TVG gave a Power Point presentation regarding his organization. Commissioner Amerman asked if TVG saw any opportunity to expand its business in the first half of the year. Mr. Nathanson said TVG was committed to bring new fans to horse racing during the first half of the year, which would grow year-round interest in the sport. Commissioner Amerman stated he was hoping to hear a more specific response. Mr. Nathanson said TVG would like to carry Santa Anita and Golden Gate Fields' signal, and continued to have discussions to that effect. Commissioner Amerman commented he believed Magna Entertainment Corporation (MEC) and TVG would benefit from such an arrangement. Chairman Shapiro said no one would dispute that TVG's television content, technology and distribution was excellent. He stated the Board's problem with ADW was how to incorporate more from each ADW provider to benefit the industry and fans. When the Board looked at each wagering dollar there seemed to be a large disparity in what was returned to the industry. Chairman Shapiro stated in 2002 TVG had a horsemen's agreement, and in 2004 it also had an agreement, but it was only for the first year of a two-year license. He said every time the Board licensed or approved an ADW application it asked for a horsemen's agreement, but it was clear TVG did not want the horsemen's agreement to be a condition of its license. Chairman Shapiro asked if TVG was willing to enter into an

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agreement with the horsemen. Mr. Nathanson said TVG was not willing to enter into a horsemen's agreement. Chairman Shapiro asked why TVG did not want an agreement with the horsemen when every other ADW provider agreed. Mr. Nathanson said what the Board wanted and what the law required were two different things. Chairman Shapiro stated he was not arguing the law; he simply wanted to know if TVG would negotiate with the horsemen. Mr. Nathanson said TVG operated under the law. Chairman Shapiro stated the law did not exclude the possibility of a horsemen's agreement. Mr. Nathanson said the law also did not require a horsemen's agreement. Chairman Shapiro said he asked if – despite what the law stated – TVG was willing to enter into a horsemen's agreement, and the answer was “no.” He stated he would like to know why. Mr. Nathanson said TVG had no problem with a horsemen's agreement if it could come to an equitable understanding with Thoroughbred Owners of California (TOC). He stated TVG and TOC were conducting extended talks, but as a condition of license, and under the law, TVG did not desire a horsemen's agreement. John Hindman, representing TVG, said his organization understood what the law required regarding compensation in California, and the law stated compensation was to be made pursuant to an agreement with the racetracks. If there were an additional requirement that was contrary to the law, it would make it difficult to operate. In addition, TVG believed a horsemen's agreement was not an appropriate basis on which to deny an ADW license. Chairman Shapiro asked why TVG had such objections when other ADW providers did not. Mr. Nathanson said TVG did not object to an agreement with TOC, but it did not agree that having a horsemen's agreement with TOC, as a condition of license, was necessary by law. He added TVG and TOC were conducting discussions with a mediator, and the parties were working in good faith to find a

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resolution. TVG was committed to continue the discussions, and it believed an agreement could be reached, as TVG recognized the value of the horsemen. Mr. Hindman said the law did not require a horsemen's agreement. He added the legislative counsel recently stated Business and Professions Code Section 19562 required the Board's rules, regulations and conditions to be consistent with horse racing law. Chairman Shapiro stated he did not know if he agreed with the legislative counsel. He believed if the Board put forth a motion imposing a condition that was previously imposed, it would not be a problem. Chairman Shapiro stated he did not say anything about rates and that is what he believed the legislative counsel was talking about. Ron Turovsky, representing TVG, said the Board did not have the authority, as an executive agency, to rewrite the law by creating a requirement under the guise of a condition. The question asked the legislative counsel was: could the Board require the parties to an ADW contract to obtain the consent of the horsemen's organization regarding the amount of compensation to be paid before the contract was executed? The answer was "no." The B&P Code required that the Board be consistent with horse racing law. It was a fundamental proposition that the law could not be exceeded when the Board issued a regulation, an approval or created a condition. Mr. Turovsky added the law enabling ADW did not assign a role to horsemen's organization in the contract process. The imposition of a condition would be inconsistent with ADW legislation and horse racing law. Chairman Shapiro said the Board was concerned that not enough revenue was going to horsemen, and based on the Board's actions since the inception of ADW, there had always been an agreement with the horsemen. The Board was not attempting to dictate the rate of compensation. It merely wanted TVG to work with the horsemen to make racing and ADW better. Commissioner Moss said the Board

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heard from Youbet that it was not pushing California races because there was no money in it for them, yet TVG was emphasizing California in the largest forum. In addition, TVG expressed a desire to make an agreement with Santa Anita and Golden Gate Fields, and was having conversations with TOC. So, why not let the TVG/TOC conversations continue to see what happened? If Youbet had an agreement, but was not pushing California races, what was the reason for that deal? Commissioner Harris asked why the horsemen could not use the horsemen's agreement with the tracks to influence the track's agreements with ADW providers. Drew Couto of TOC said the horsemen could condition their consent on the use of the signal on the hub rate fee applied in state and the fee rate applied out-of-state. Federal law did not limit what was put into the horsemen's consent. The horsemen tried not to use their track agreements because there would be consequences for the industry. Mr. Couto added the reason California races were not profitable for Youbet was not the hub fee rate. It was the exclusivity fee Youbet paid to TVG that rendered California races unprofitable. Commissioner Amerman asked if TOC had an agreement with TVG every year until 2006. Mr. Couto said TOC and TVG negotiated a hub fee rate every year. Commissioner Amerman asked Mr. Couto why a fee could not be negotiated in 2006. Mr. Couto said TVG originally rebuffed the invitation to meet, and at the Board's urging only agreed to meet in August or September. Cathy Christian, representing TVG, urged the Board to approve TVG's application. She stated TVG submitted all the necessary information and met all the terms of Board Rule 2072. TVG also had an agreement with a track conducting live racing and that track had a horsemen's agreement. Ms. Christian stated TOC had to agree to the thoroughbred signal and had the ability to require satisfactory terms. When TVG was not carrying the thoroughbred signal,

TOC did not have a stake. She said the Board's approval did not mean TVG would cease talking to TOC, as the Board heard from TVG that it believed horsemen's agreements were valuable. Since 2001 TVG found a way to work with the horsemen, and while a horsemen's agreement should not be a condition of licensure, it should be something the parties tried to achieve. Chairman Shapiro **motioned** to defer the TVG ADW application to the November 2006 Regular Board Meeting. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

PUBLIC HEARING BY THE BOARD ON THE ADOPTION OF THE PROPOSED AMENDMENT TO CHRB RULE 1536, STEWARDS' MINUTES, TO REQUIRE STEWARDS TO REPORT JOCKEY INJURIES TO SPECIFIED PARTIES, PURSUANT TO AB 1180.

Chairman Shapiro said the item would be **deferred**.

PUBLIC HEARING BY THE BOARD ON THE PROPOSED AMENDMENT TO CHRB RULE 1689.1, SAFETY VEST REQUIRED, TO REVISE THE CURRENT CRITERIA FOR SAFETY VESTS WORN BY CALIFORNIA JOCKEYS.

Chairman Shapiro said the item would be **deferred**.

PUBLIC HEARING BY THE BOARD ON THE PROPOSED ADDITION OF CHRB RULE 1689.2, SAFETY REINS REQUIRED, TO REQUIRE THE USE OF SAFETY REINS, PURSUANT TO AB 1180.

Chairman Shapiro said the item would be **deferred**.

DISCUSSION AND ACTION BY THE BOARD REGARDING SECURING MONETARY SUPPORT FOR RETIREMENT FARMS FOR HORSES THAT HAVE RETIRED FROM RACING.

Chairman Shapiro said the item would be **deferred**.

DISCUSSION AND ACTION BY THE BOARD ON THE FEASIBILITY OF EXEMPTING QUARTER HORSE RACES FROM THE PROVISIONS OF CHRB RULE 1606, COUPLING OF HORSES.

Jacqueline Wagner, CHRB staff, said the Los Alamitos Quarter Horse Racing Association (LAQHRA) participated in the 2006 experiment that involved the temporary suspension of Rule 1606, Coupling of Horses. LAQHRA considered its experience with the temporary suspension a success, and was requesting that the Board consider exempting quarter horses from the provisions of Rule 1606. Dr. Edward Allred of LAQHRA said quarter horse racing did not have the same strategic problems as thoroughbred racing. In addition, quarter horses had multiple syndicates with up to 20 horse owners participating. That made it difficult to avoid potential multiple entries. Dr. Allred added the quarter horse shortage was such that not having to couple entries would make writing races easier at Los Alamitos. Dan Schiffer of the Pacific Coast Quarter Horse Racing Association stated his organization supported the request of LAQHRA. Vice-Chairman Moretti **motioned** to temporarily waive the provisions of Board Rule 1606 for quarter horses, pending adoption of an amendment to the regulation. Commissioner Amerman **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE PROPOSED CODE OF ETHICAL CONDUCT POLICY FOR BOARD COMMISSIONERS.

Chairman Shapiro said the item would be **deferred**.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETS:

A. SONOMA COUNTY FAIR AT SANTA ROSA FROM JULY 26 THROUGH AUGUST 7, 2006.

B. SAN MATEO COUNTY FAIR AT BAY MEADOWS FROM AUGUST 9 THROUGH AUGUST 23, 2006.

C. HUMBOLDT COUNTY FAIR AT FERNDALE FROM AUGUST 10 THROUGH AUGUST 20, 2006.

D. DEL MAR THOROUGHBRED CLUB AT DEL MAR FROM JULY 19 THROUGH SEPTEMBER 6, 2006.

E. LOS ANGELES COUNTY FAIR AT POMONA FROM SEPTEMBER 8 THROUGH SEPTEMBER 25, 2006.

Chairman Shapiro said the item would be **deferred**.

GENERAL BUSINESS

Vice-Chairman Moretti clarified the comments she made regarding the lobbying efforts for 2007 race dates of Hollywood Park. She stated her frustrations were directed at the industry and its inability to work in common rather than at Hollywood Park or any individual.

MEETING ADJOURNED AT 4:05 P.M.

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A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Hollywood Park Race Track, Sunset Room**, 1050 South Prairie Avenue, Inglewood, California, on **November 27, 2006**.

Present: Richard B. Shapiro, Chairman
Marie G. Moretti, Vice-Chairman
John Amerman, Member
John Andreini, Member
William A. Bianco, Member
John C. Harris, Member
Jerry Moss, Member
Ingrid J. Fermin, Executive Director
Derry L. Knight, Deputy Attorney General

REPORT BY REPRESENTATIVES OF MAGNA ENTERTAINMENT CORPORATION (MEC) ON THE PROGRESS OF REDEVELOPMENT OF THE BARN AREA AT THE SANTA ANITA PARK.

Frank DeMarco of Santa Anita Park Racetrack (SA) said his organization met with Arcadia City officials and was assured a permit to demolish and rebuild the ten barns would be issued. The only caveat was that the new barns had to get California Environmental Quality Act (CEQA) approval. In the mean while, SA was conducting a geological survey regarding potential earthquake problems, and was putting out requests for proposals for building costs. Mr. DeMarco stated SA could not do any additional work until it received a report regarding what it could do under the CEQA. Chairman Shapiro thanked Mr. DeMarco for his report. He said it appeared the barns could be rebuilt, and the Board was interested in seeing the task completed as soon as possible.

DISCUSSION AND ACTION BY THE BOARD ON THE ADOPTION OF THE RACE DATES CALENDAR FOR THE NORTHERN NIGHT INDUSTRY – HARNESS FOR THE 2007 RACING YEAR.

Jacqueline Wagner, CHRB staff, said at the October 2006 Regular Board Meeting the 2007 race dates calendar was approved, with the exception of the harness racing dates. Cal-Expo submitted a request to conduct harness race dates at Cal-Expo from December 28, 2006 through July 28, 2007; July 29, 2007 through September 20, 2007; and from September 21, 2007 through December 22, 2007. Ms. Wagner said staff recommended the Board approve the request of Cal-Expo. Chairman Shapiro asked if the dates requested were the same dates Cal-Expo ran in 2006. Dave Elliott of Cal-Expo said the dates were basically the same dates that were run in 2006. Chairman Shapiro asked if Sacramento Harness Association would run the meetings. Mr. Elliott said that was correct. Commissioner Harris **motioned** to approve the 2007 race dates calendar for the northern night harness industry. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE SACRAMENTO HARNESS ASSOCIATION (H) AT CAL-EXPO, COMMENCING DECEMBER 28, 2006 THROUGH JULY 28, 2007, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Sacramento Harness Association (SHA) applied to run a harness meeting at Cal Expo from December 28, 2006 through July 28, 2007. SHA was proposing to run 118 nights for a total of 1,475 races. The first live post time would be 5:35 p.m. Wednesdays, Thursdays, Fridays and Saturdays; and 6:20 p.m. Fridays and Saturdays from May 4 until the end of the meeting. The advance deposit wagering providers would be TVG and Youbet. Ms. Wagner said staff recommended the Board approve the application as

presented. Chairman Shapiro asked if the problems with the photo finish camera operator had been resolved. Chris Schick of SHA said there was a trained backup who was able to operate the camera if the regular operator was not present. Chairman Shapiro asked why SHA was not putting all of its stakes runners in detention barns. Mr. Schick said SHA would have no objections to placing all its stakes in detention barns. Jim Perez of California Harness Horsemen's Association stated his organization did not object to placing the stakes runners in detention barns. Commissioner Harris asked if the harness meetings were generating enough revenue to pay the Board's costs incurred to oversee the meetings. He stated he did not know if it was an issue that could be solved in one day, but the California industry, in general, was not generating the license fees it once was, and with the Board's tight budget there was a need to see where the money was going. Commissioner Amerman **motioned** to approve the application for license to conduct a horse racing meeting of SHA at Cal-Expo. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION (T) AT GOLDEN GATE FIELDS, COMMENCING DECEMBER 26, 2006 THROUGH APRIL 22, 2007.

Jacqueline Wagner, CHRB staff, said the Pacific Racing Association (PRA) applied for license to conduct a horse racing meeting at Golden Gate Fields from December 26, 2006 through February 11, 2007. PRA proposed to run 31 days for a total of 265 races. The first post time would be 12:45 p.m., daily. The advance deposit wagering providers would be XpressBet and Youbet. Ms. Wagner stated staff recommended the Board approve the application as presented. Chairman Shapiro said he received PRA's marketing plan and he thought it was

very thorough. He stated he appreciated the increases in the amount of money PRA was spending to attract fans to the racetrack. It appeared a lot of the plan was geared towards direct mail marketing. Chairman Shapiro asked if PRA shared its mailing lists with Bay Meadows. Peter Tunney of PRA said his organization did not share its mailing lists with Bay Meadows. Chairman Shapiro said PRA and Bay Meadows never competed head to head, so was there any reason not to exchange such lists? Mr. Tunney stated he did not know of a reason not to share lists. However, the names on the databases were mostly of persons who lived in a geographic location closest to the track. PRA did not believe its patrons would drive to Bay Meadows, or visa-versa. Commissioner Amerman said he also appreciated PRA's marketing plan. He suggested it could be a model for other racing associations, so the Board could better understand their plans. In addition, he stated he thought PRA's use of market research was a good first step in understanding what brought fans to Golden Gate Fields. Commissioner Amerman asked how the attempt to initiate a ferry from San Francisco to Golden Gate Fields was progressing. Mr. Tunney said PRA met with the head of the Water Transit Authority, which resulted in Golden Gate Fields and the Berkeley Marina being placed on the short list to have their piers rejuvenated for ferry service from across the Bay. Commissioner Harris commented PRA was introducing four-day weeks, and stated it would be interesting to see if that resulted in larger fields. He asked how much revenue PRA anticipated from simulcasting on the dark day. Mr. Tunney stated the four-day week was not a new idea, as over the past couple years PRA ran them in its June meeting. He stated the revenue from simulcasting would depend on the product at Santa Anita or out-of-state. Commissioner Harris said he was concerned that most of PRA's stakes were \$50,000 and there were only eight of

them. He stated he would like to see a little more money on stakes as well as a few more stakes run. Mr. Tunney stated PRA did not put a lot of stakes in the meeting because of the experiment with fewer race days. He said there would be significantly more stakes in the spring 2007 meeting. In addition, if the opportunity presented itself, PRA would write overnight stakes. Chairman Shapiro asked where PRA stood on the installation of a synthetic racing surface. Mr. Tunney said PRA had engaged a hydrologist and would soon be ready to move forward with getting the appropriate approvals for its plans. He stated PRA hoped to begin installation of the synthetic racing surface in June 2007. Vice-Chairman Moretti **motioned** to approve the application of PRA to conduct a horse racing meeting at Golden Gate Fields. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T) AT SANTA ANITA, COMMENCING DECEMBER 26, 2006 THROUGH APRIL 22, 2007, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Los Angeles Turf Club (LATC) applied to conduct a horse racing meeting from December 26, 2006 through April 22, 2007, a total of 85 days, which was one day less than in 2006. LATC would race five days a week for a total of 720 races. The first post time would be 1:00 p.m. weekdays and 12:30 p.m. weekends and holidays. Ms. Wagner stated staff recommended the Board approve the application as presented. Chairman Shapiro said he found the marketing and fan development information on the application very helpful. He stated he also thought the weekend food service in the box seats was a good idea. Chairman Shapiro said he noted Dr. Buttgenbach was listed as the official veterinarian. He asked if LATC made contingent arrangements if the doctor did not

return from his recent illness. George Haynes of LATC stated Dr. Buttgenbach indicated he would return for the meeting, but if he were unable to meet his obligations, LATC had planed to replace him until he returned. Commissioner Harris said he believed the LATC turf club could use some improvement. He asked if LATC had any plans in that regard. Mr. Haynes said he agreed with Commissioner Harris, and stated LATC was looking at ways to remodel the space. Commissioner Amerman **motioned** to approve the application by LATC to conduct a horse racing meeting at Santa Anita. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q) AT LOS ALAMITOS, COMMENCING DECEMBER 28, 2006 THROUGH DECEMBER 23, 2007, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said the Los Alamitos Quarter Horse Racing Association (LAQHRA) submitted an application to conduct a horse racing meeting at Los Alamitos from December 28, 2006 through December 16, 2007. The meeting would last 204 days and a total of 2,086 races would be run. Racing would be conducted Thursday through Sunday nights and the first post time would be 7:15 p.m. Thursday and Friday; 7:00 p.m. Saturday; and 5:30 p.m. Sunday. The advance deposit wagering providers would be TVG and Youbet. Ms. Wagner stated staff recommended the Board approve the application as presented. Commissioner Andreini **motioned** to approve the application by LAQHRA to conduct a horse racing meeting at Los Alamitos. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

ELECTION OF BOARD CHAIRMAN AND VICE-CHAIRMAN.

Commissioner Harris **nominated** Chairman Shapiro for the position of Board Chairman. Commissioner Amerman **seconded** the nomination, which was **unanimously carried**. Chairman Shapiro **nominated** Commissioner Harris for the position of Board Vice-Chairman. Commissioner Amerman **seconded** the nomination, which was **unanimously carried**.

REPORT AND DISCUSSION BY THE BOARD ON THE UPDATE FROM THE JOCKEY'S GUILD ON THE HEALTH AND WELFARE PROGRAM.

Chairman Shapiro said approximately one million dollars from unclaimed pari-mutuel tickets was paid to the Jockey's Guild (Guild) for the benefit of California jockey's Health and Welfare Program. He stated the Board wished to hear an update from the Guild regarding its finances as they relate to the Health and Welfare Plan. Dwayne Manley of the Guild stated within the past four months the past due medical claims and other bills in excess of five months were resolved, and the financial stability of the Guild dramatically improved. Chairman Shapiro said he understood the Guild was self-insured, and it bought a reinsurance policy. Mr. Manley said that was correct. The Guild paid the first \$75,000 in claims, and the reinsurance policy paid anything above that amount – up to \$2 million. Chairman Shapiro asked if the Guild was current in making premium payments to the reinsurance company. Mr. Manley stated the Guild was current. Chairman Shapiro said he understood that prior to Mr. Manley becoming involved with the Guild there were many jockeys who had not paid their share of premiums that were due, and there were jockeys who were owed money because they had overpaid. He asked if both situations had been corrected. Mr. Manley said the Guild instituted an aggressive program to collect the monies that were owed. Over the past month,

the Guild paid back \$100,000 to the Jockeys who had overpaid. Chairman Shapiro asked what percentage of California Jockeys was insured by the Guild. Mr. Manley said 100 percent of California's jockeys were insured by the Guild. A California jockey did not have to belong to the Guild to receive coverage. Chairman Shapiro asked if there was a third party insurance company that would write a policy just for California jockeys, so they could either have more or better coverage, or items could be added to the coverage. Mr. Manley said the Guild could not find a company that would write a separate policy for California. He added the separate policy written for Delaware cost \$50 a month more than the Guild's plan, so there were jockeys in that state that could not afford the coverage – even though it was subsidized. Chairman Shapiro asked how California would know that the funds it paid the Guild were not subsidizing riders from other states. Mr. Manley said the Board received an audit on the funds twice a year. Chairman Shapiro asked if the actual costs for California jockeys were in excess of one million dollars. Mr. Manley stated he believed the costs were in excess of one million dollars, but he added he had not been involved in an audit of the numbers. Mr. Manley commented the Guild subsidized the premiums, so the amount the jockeys paid, and the State paid did not equal the face value of the premiums. Drew Couto of Thoroughbred Owners of California (TOC) said the Guild's self-insured program allowed it to set the premiums based on risk, retention and the deductible. Quotes from other companies needed to be entertained to get a sense of what riders would pay, or what the State/TOC would pay, versus the Guild's current self-insured option. Mr. Couto stated TOC would work with the Guild to secure interest from brokers and third-party insurers. With Worker's Compensation Insurance, a State like California should cost substantially less than a state without the compensation

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insurance. Commissioner Andreini said it was difficult for insurance companies to get the experience for groups of one hundred or less. Mr. Couto stated the Worker's Compensation program provided at least a sense of work related accidents to compare against the larger pool, nationally. Chairman Shapiro asked if 103 persons was a large enough number to create a separate California plan. Commissioner Andreini said it would be difficult, and the experience with jockeys was not good. He added the only way a California plan could work was to get the self-insured retention up past the \$75,000 deductible. Chairman Shapiro said the industry could provide expertise and advice to the Guild. Mr. Manley stated the premiums would cost more for a separate California plan. In addition, large claims represented more risk as California jockeys were a small group and would be more susceptible to being discontinued. Mr. Manley said with the Guild's self-insurance program, the deductible was the Guild's obligation, and to provide some control, the reinsurance could be capped at two incidents at a time. Otherwise, if several large claims came in at once, the Guild would be in financial trouble. Chris Gibbs of Jennings and Associates spoke about his concerns regarding the Guild's Health and Welfare Program. Chairman Shapiro said the industry would work with the Guild to explore all options and the item would be revisited.

DISCUSSION BY THE BOARD REGARDING STRATEGIC PLANNING FOR 2009 AND BEYOND.

Commissioner Moss said the prospect of Hollywood Park's closure highlighted a need for the industry to plan ahead. If Hollywood Park closed, the dates would need to be replaced, which would take up to two years to implement. He stated that any entity planning to apply for thoroughbred race dates in 2009 should make such plans available to the Board within the next

few months. Cliff Goodrich, representing Fairplex Park, Pomona, spoke regarding the future of thoroughbred horse racing in Southern California, and the need to formulate plans to cope with the closure of Hollywood Park. Chairman Shapiro said he agreed with Commissioner Moss and Mr. Goodrich. He stated in 2005 he tried to move forward the idea of multi-year race dates, but the lack of urgency stalled the idea. Chairman Shapiro said the industry needed to agree on alternatives and pursue them vigorously and quickly.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF XPRESSBET, INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 THROUGH DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff said XpressBet, Inc. (XpressBet) applied for a license to conduct advance deposit wagering (ADW) as an out-of-state multi-jurisdictional wagering hub. Ms. Wagner stated XpressBet was proposing to operate from January 1, 2007 through December 31, 2007. She added XpressBet would operate 24 hours a day. XpressBet was applying for a one-year license as the statutory authority for ADW in California would sunset on December 31, 2007. Ms. Wagner said XpressBet had horsemen's approvals and contracts that extended through December 31, 2006. The application was missing the horsemen's agreement for Thoroughbred Owners of California (TOC) and the California Harness Horsemen's Association (CHHA). Scott Daruty, representing XpressBet, said his organization had contracts with Bay Meadows Racing Association, Los Angeles Turf Club and Golden Gate Fields. He stated XpressBet also had the horsemen's agreements. Chairman Shapiro asked if XpressBet used agreements that agreed with the breed it was taking wagers on. If the wager was on a thoroughbred race, was a thoroughbred agreement in place, and if standardbred, was

a harness agreement in place? Mr. Daruty said XpressBet had such agreements, as that was its understanding of the law. Chairman Shapiro asked if XpressBet would agree that its license was conditioned on submitting such agreements to the Board. Mr. Daruty said XpressBet would agree if all ADW providers were licensed under the same condition. Chairman Shapiro asked if XpressBet was taking international signals. Mr. Daruty said XpressBet was taking international signals. Chairman Shapiro asked how California horsemen would benefit from international signals. Mr. Daruty said wagers on international races would be treated the same as wagers on races from other states. The ADW provider that accepted the wager would receive a hub fee, and the balance of the money, which would be a source market fee, would be split between the horsemen and the track. Chairman Shapiro asked if California horsemen had agreed to such an arrangement. Mr. Daruty stated he did not know if international races were explicitly mentioned in the agreements. The horsemen's agreement provided that XpressBet retained a percentage of every wager, with the balance of the take out paid to the track and the horsemen. Commissioner Amerman asked if XpressBet had any plans to improve its graphics or the content of Horse Racing Television (HRTV) or XpressBet. Mr. Daruty said improving features and functionality on the XpressBet website and HRTV was an ongoing process, as XpressBet wished to provide the best customer service. Commissioner Amerman stated it behooved all ADW providers to continually improve content to appeal to more consumers, and he would urge all providers to think about how such improvements could be made. Commissioner Harris asked if it were possible to receive a breakdown regarding the percentage distribution on the various types of wagers. Mr. Daruty said XpressBet did not have a problem with sharing such information, but it was something that historically had not

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been public. If the other ADW providers would open the book on their hub fees, XpressBet would also divulge its fees. Richard Castro representing Pari-Mutuel Employees Guild (Guild), Local 280, spoke about the Guild's participation in the ADW enabling legislation process, and the Guild's subsequent experience with ADW providers. Chairman Shapiro said he understood that none of the ADW jobs in California were jobs the Guild's members were qualified for. Mr. Castro stated that was true; however, the enabling legislation stated the Board was required to develop and adopt rules to regulate all aspects of ADW, and any wagering system or hub created after the law was enacted had to contract with the traditional labor unions that were employed at the racetrack. He said the Guild tried to work with the ADW providers, but nothing happened because there was no incentive. Chairman Shapiro stated he thought the problem was the hubs were outside California, and the Board had no authority to dictate jobs outside the State. Mr. Castro said that was true, but the Guild believed the agreement reached through the Legislature was to have live phone operators in California. He stated the Guild thought a solution to the issue was a 50-cent surcharge on telephone calls for ADW wagers made by California residents. Commissioner Harris said that could be a win-win situation, but he did not know if the Board could impose that condition. Mr. Castro stated the Board had ultimate authority, and if the parties could agree a package could be put together to correct a number of ADW ills. Chairman Shapiro said he did not think it would be in anyone's interest to see ADW shut down. He stated, however, there were a number of issues with the existing ADW law, and the Guild's issue was one of them. Chairman Shapiro added he did not know how to immediately fix the Guild's problem without denying the ADW applications, which was something the Board did not want to do. He

commented he was told XpressBet would make an effort to bring jobs to California, and asked what had happened with that initiative. Mr. Daruty said the jobs were not economically feasible in California. He stated he understood the Guild's frustration, but XpressBet was also trying to run its business on very tight margins. When XpressBet moved its operators out of Pennsylvania it looked at California and found it cost prohibitive. Chairman Shapiro asked if XpressBet had shared its reasoning with the Guild. Mr. Daruty said XpressBet negotiated with the Guild and offered solutions; however, the Guild rejected XpressBet's solutions as "make work" jobs. The Guild wanted telephone jobs. Mr. Daruty said XpressBet only had 15 full time equivalent telephone operators at its hub. In addition, XpressBet had 3.5 full time equivalent jobs in California, which were over and above what its union contract required. Mr. Daruty stated a lot of the time those workers were not doing XpressBet work. Instead, they did other work at the track because there was not a function to be fulfilled. Mr. Daruty added XpressBet could not create more jobs when there was not a need. Vice-Chairman Moretti asked what the difference was in the cost of doing business in Oregon versus California. Mr. Daruty said the hourly rate in Oregon was \$11, while the hourly rate in California was \$28 or \$26. Chairman Shapiro asked if there was a way to bridge that gap with the Guild. He stated he approached Mr. Stronach about jobs, and he thought he was told a serious effort would be made to bring them to California, but the hourly rate was not discussed. Mr. Castro stated everything was negotiable, but if there was a problem with hourly rates, it should have been discussed in the legislative process. He said the ADW providers definitively promised telephone operator jobs, and they needed to be held accountable. Deputy Attorney General (DAG) Derry Knight stated the statute was clear that

there was to be some sort of labor organization for the jobs that were traditionally in place at the tracks. It did not state anything about numbers, or requiring the ADW providers to use telephone operators. DAG Knight said he did not dispute that discussions may have occurred in the legislative arena, but legislative intent did not reign when the statute was clear on the issue. DAG Knight stated Business and Professions Code Section 19604 required the ADW providers to enter into a written contractual agreement for jobs traditionally in place in local tracks. It did not state that the ADW providers had to create jobs, nor did it state there had to be union representation for (as an example) computer operators. Chairman Shapiro said the law did not clearly convey that ADW providers had to hire in California to handle the jobs, and if the jobs did not exist, the Board could not mandate their creation. He said he agreed with the Guild that the intent was to create jobs, so the issue was how did the Board go forward to find jobs and get through 2007? Commissioner Harris said he did not think the Board wanted to build inefficiencies into ADW. The system had to work and technology had evolved and replaced some jobs. However, technology also created other jobs, and the Guild needed to figure out how to capitalize on that technology, rather than try to demand employment. Commissioner Harris stated he did not believe the Board could control where XpressBet had its telephone operator jobs. Mr. Daruty said XpressBet would commit to 3.5 full time equivalents over and above the union contract requirements. Mr. Castro stated he would rather go through the process of crafting new legislation. He said the Guild acted in good faith and it did not believe the industry was reciprocating. Chairman Shapiro said the Board appreciated the Guild's hard work and its dedication to the industry, and he hoped all parties would be able to work together to resolve the issues. Drew Couto of TOC stated his

organization supported XpressBet's application. Commissioner Harris said he thought it was important for the Board to have oversight regarding the financial integrity of the ADW deposits. He asked how the Board would be assured that the funds on deposit were safeguarded and not commingled. Mr. Daruty said XpressBet had a half million-dollar bond posted with the State of Oregon to cover deposits and any funds that might be lost. Commissioner Harris asked how much was on deposit with XpressBet. Mr. Daruty stated that number was not available. Chairman Shapiro said he thought the bond should equal the average amount on deposit on an annual basis. Mr. Daruty stated XpressBet had bonds in other states where it was licensed. He added XpressBet would be happy to comply with any requirements of the Board as long as such requirements were imposed on all ADW providers. Chairman Shapiro said the ADW enabling legislation required a half million-dollar bond on deposit, which was something the Board could look at as the law was revised. Commissioner Harris **motioned** to approve the application by XpressBet to conduct ADW for a California multi-jurisdictional wagering hub from January 1, 2007 through December 31, 2007. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF YUBET.COM INC., FOR A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB AND APPROVAL FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 THROUGH DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said Youbet, Inc. (Youbet) applied to function as a California multi-jurisdictional wagering hub, and an out-of-state multi-jurisdictional wagering hub. She stated Youbet applied to operate from January 1, 2007 through December 31, 2008. Ms.

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Wagner added the statutory authority for advance deposit wagering (ADW) would sunset on December 31, 2007, and it would be appropriate for the Board to consider a one-year period. Youbet would provide ADW services for Bay Meadows Racing Association; California Authority of Racing Fairs; Sacramento Harness Association; Hollywood Park Fall Racing Association; Del Mar Thoroughbred Club; Los Angeles Turf Club; Oak Tree Racing Association; and Pacific Racing Association. Ms. Wagner stated Youbet had a 2006 horsemen's agreement, and was in negotiations for a 2007 horsemen's agreement. Chairman Shapiro asked if Youbet employed any Local 280 members. Mike Robertson of Youbet said his organization currently did not employ any Local 280 members. Commissioner Shapiro asked if the arbitration with TVG had any bearing on Youbet's business moving forward. Mr. Robertson stated some issues regarding Youbet's payments under its licensing content were cleared up. Commissioner Harris asked how much money Youbet had on deposit. Mr. Robertson said he did not know the number, but Youbet had a player's trust with a commercial bank that held its customer's funds. Commissioner Harris asked if Youbet accepted wagers on California races all year. Mr. Robertson stated Youbet had agreements with all California tracks except TVG exclusive tracks, which Youbet sublicensed through TVG. Chairman Shapiro asked if revenues from international races benefited California horsemen. Mr. Robertson said in accordance with Youbet's Thoroughbred Owners of California (TOC) approval, a market access fee was paid on California resident wagers. Drew Couto of TOC stated his organization had an agreement in place with Youbet, and it supported Youbet's application. Commissioner Harris **motioned** to approve the application by Youbet to act as a California multi-jurisdictional wagering hub, and an out-of-state multi-jurisdictional wagering

hub, from January 1, 2007, through December 31, 2007. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF ODS TECHNOLOGIES, L.P. DBA TVG, FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 TO DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said ODS Technologies, L.P. (TVG) applied for approval as an out-of-state multi-jurisdictional wagering hub to provide advance deposit wagering (ADW) services. The application indicated the approval would be for the entire term approved by the Board. Ms. Wagner commented TVG was aware the statutory authority for ADW would sunset on December 31, 2007. TVG would operate 365 days a year, 24 hours a day, and would provide ADW services for Hollywood Park; Del Mar Thoroughbred Club; Los Alamitos Race Course; Los Angeles County Fair at Fairplex; and Oak Tree Racing Association. Ms. Wagner stated the application was missing the horsemen's agreement. Staff recommended a one-year approval, contingent upon receipt of the horsemen's agreement. David Nathanson, representing TVG, said he was informed that TVG and Thoroughbred Owners of California (TOC) had reached an agreement in principle. Chairman Shapiro asked how TVG secured its customer's funds on deposit. John Hindman of TVG stated the funds were held in an account separate from TVG operating funds, and the settlement and money room funds. He added the money was accounted for by player. Chairman Shapiro asked if there was any possibility of TOC and TVG having a dispute over hub rate fees in 2007. Drew Couto of TOC stated TVG and TOC had an agreement in principal that covered 2007, and he

did not expect there would be any problems regarding hub rate fees. Commissioner Amerman **motioned** to approve the application by TVG to conduct ADW as an out-of-state multi-jurisdictional wagering hub. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF DAY AT THE TRACK, INC., FOR AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FROM JANUARY 1, 2007 TO DECEMBER 31, 2007.

Jacqueline Wagner, CHRB staff, said Day at the Track, Inc. (DATT), applied for approval to act as an advance deposit wagering (ADW) out-of-state multi-jurisdictional wagering hub. Ms. Wagner stated DATT would be a new ADW provider, and was an Internet pari-mutuel wagering service. DATT would operate 24 hours a day when domestic and international racetracks were available. Ms. Wagner said the term of the approval would be from January 1, 2007 through December 31, 2007. Items missing from the application included racing association contracts for 2007; a horsemen's agreement for Thoroughbred Owners of California (TOC); a horsemen's agreement from California Harness Horsemen's Association (CHHA); and the \$500,000 surety bond. Chairman Shapiro said it was evident the Board would not be able to approve the application, as there were no agreements, nor was there a surety bond. Shawn Egide of DATT stated the surety bond could be issued in as few as two weeks. Mr. Egide said DATT had been speaking to TOC for over a year, and to every racetrack in California multiple times. The issue that continued to plague DATT was the TOC agreement. There did not seem to be any resistance from the racetracks if a TOC agreement existed. Chairman Shapiro said there was no doubt DATT was trying, and was persistent. He

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stated, however, that without working agreements with racetracks and horsemen the Board could not approve the application. Mr. Egide said DATT kept getting the cart before the horse response. It could not reach an agreement with the racetracks unless it had an agreement with TOC, and it could not reach an agreement with TOC unless it had an agreement with the racetracks. Drew Couto of TOC said TOC would not give DATT product it could use throughout the industry without a valid license. DATT's license, which was issued by the State of Idaho, limited it to accepting wagers in Idaho from Idaho residents only. Mr. Couto added that ADW providers who did not have all the content were problematic because they tended to shift their play to out-of-state signals when they did not offer California content. TOC told DATT it needed to get the content from the racetracks, or sublease from TVG, before an agreement could be reached. Mark Egide of DATT said his understanding was that the TOC agreement and Board approval were two separate issues, and in the past, licenses were issued without TOC agreements. Although DATT wanted a TOC agreement, it would still apply for approval without one. To make such an agreement a condition of approval put DATT in an impossible position. Mr. (Mark) Egide gave a PowerPoint presentation regarding DATT. Chairman Shapiro said he appreciated DATT's ideas, and its desire to become an ADW provider, but it appeared that the only place the Board could approve the application was for harness. Commissioner Harris stated the issue with an approval due to an agreement with harness was there would be no benefit to thoroughbred horsemen. Mr. Egide said DATT could easily block any California resident from wagering on any breed. In addition, the opposite of what Commissioner Harris was stating was also true. If the signal were suddenly available to thousands of greyhound fans, it could mean significant income to California

horsemen. Commissioner Harris said he appreciated DATT's innovation and he believed California needed additional ADW providers, but he was also trying to look at the possible impact on the industry and how it might be mitigated. Chairman Shapiro stated he had concerns regarding DATT's income statement. He was also concerned about licensing a provider for just one meeting. The Board wanted California's ADW providers to be profitable. Chris Schick of Sacramento Harness Association (SHA) said his organization did not have an agreement with DATT. He stated when Mr. Egide contacted SHA he was told SHA was not interested in discussing ADW. Mr. Schick added SHA did sign a standard simulcast contract with DATT so it could take wagers on the harness product from out-of-state residents. Chairman Shapiro said if DATT did not have any ADW agreements, the Board could not approve its application. He stated the item would be deferred until DATT could return with track agreements.

PUBLIC HEARING BY THE BOARD ON THE ADOPTION OF THE PROPOSED AMENDMENT TO CHRB RULE 1536, STEWARDS' MINUTES, TO REQUIRE STEWARDS TO REPORT JOCKEY INJURIES TO SPECIFIED PARTIES, PURSUANT TO AB 1180.

Jacqueline Wagner, CHRB staff, said the proposed amendment to Board Rule 1536, Stewards' Minutes, would require that a report of all on-track accidents involving jockeys be forwarded to the Board as an attachment to the stewards' minutes. The accident report would be made on a new form, which was incorporated by reference into Rule 1536. Ms. Wagner stated the amendment was in response to Assembly Bill 1180, Statutes of 2005, which provided that the stewards would investigate and prepare a report with respect to all on-track accidents involving jockeys. The proposed amendment was noticed for the 45-day public comment period, and no

comments were received. Ms. Wagner said staff recommended the Board adopt the amendment as presented. Commissioner Harris **motioned** to adopt the amendment to Rule 1536. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD CONCERNING THE AUTHORIZATION TO EXECUTE DOCUMENTS AND AGREEMENTS ON BEHALF OF THE CALIFORNIA HORSE RACING BOARD.

Richard Smith, CHRB staff, said the proposed action would add the new Executive Director to the authorizations that were already in place. Commissioner Harris **motioned** to approve the authorization to execute documents and agreements on behalf of the Board. Vice-Chairman Moretti **seconded** the motion, which was **unanimously carried**.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETS:

- A. **SONOMA COUNTY FAIR AT SANTA ROSA FROM JULY 26 THROUGH AUGUST 7, 2006.**
 - B. **SAN MATEO COUNTY FAIR AT BAY MEADOWS FROM AUGUST 9 THROUGH AUGUST 23, 2006.**
 - C. **HUMBOLDT COUNTY FAIR AT FERNDALE FROM AUGUST 10 THROUGH AUGUST 20, 2006.**
 - D. **DEL MAR THOROUGHBRED CLUB AT DEL MAR FROM JULY 19 THROUGH SEPTEMBER 6, 2006.**
 - E. **LOS ANGELES COUNTY FAIR AT POMONA FROM SEPTEMBER 8 THROUGH SEPTEMBER 25, 2006.**
 - F. **SACRAMENTO HARNESS AT CAL EXPO FROM JANUARY 4 THROUGH JULY 29, 2006.**
 - G. **OAK TREE RACING AT SANTA ANITA FROM SEPTEMBER 27 THROUGH OCTOBER 29, 2006.**
 - H. **FRESNO DISTRICT FAIR AT FRESNO FROM OCTOBER 4 THROUGH OCTOBER 15, 2006.**
-

Chairman Shapiro noted the Fresno District Fair and Sacramento Harness were up. Daniel White of Fresno District Fair spoke about the successful fair meeting enjoyed by his

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organization. Sherwood Chillingworth, Cliff Goodrich, and Chris Schick spoke briefly about the positive aspects of their respective meetings.

MEETING ADJOURNED AT 1:45 P.M.

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A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

JANUARY 23, 2007
REGULAR BOARD MEETING

There is no board package material for item 3

STAFF ANALYSIS

January 23, 2007

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE BAY MEADOWS RACING ASSOCIATION AT BAY MEADOWS FEBRUARY 14, 2007 THROUGH APRIL 22, 2007.

Bay Meadows Racing Association filed its application to conduct a thoroughbred horse racing meeting at Bay Meadows:

- February 14 through April 22, 2007, or 50 days. The association proposes to race a total of 430 races, or 8.60 per day. In 2006 they raced 46 days from October 18 through December 18 racing 8.37 races per day with an average of 7.28 runners per race. The (estimated) average daily purse for this meet is \$171,729. They did not conduct racing during the prior year timeframe.
- The race dates proposed are the dates the Board allocated.

February - 2007						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March - 2007						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April - 2007						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Racing 5 days per week, Wednesday through Sunday, with 8 races weekdays and 9 or 10 weekends, holidays and days of special interest.
 - Option to request administrative approval to conduct more than an average of 8.6 races each day if the horse population permits additional racing.
- First post 12:45 p.m. daily with a 7:00 p.m. post March 16, 23, 30 and April 13, 20.
 - Post times to be adjusted as necessary to coordinate with post times at other California tracks.
- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety requirements have been fulfilled.
- Wagering program will use all CHRB rules.
 - Advance day wagering on Kentucky Derby Future Pools on dates to be determined.
- The Advance Deposit Wagering (ADW) providers are TVG, Xpressbet and Youbet.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.
- Inspection of backstretch worker housing completed.

Specific information **still needed** to complete this application includes:

1. Horsemen's agreement – in negotiation with Thoroughbred Owners of California.

RECOMMENDATION:

Staff recommends that the application for license not be heard until the Horsemen's agreement is received.

STATE OF CALIFORNIA
 CALIFORNIA HORSE RACING BOARD
 APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
 CHRB-17 (Rev. 07/05)

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

- A. Name, mailing address, telephone and fax numbers of association:

Bay Meadows Racing Association
 2600 South Delaware Street
 San Mateo, CA 94402

Phone: (650) 573-4505

Fax: (650) 573-4671

- B. Breed of horse: ☒ TB ☐ QH ☐ H

- C. Racetrack name: Bay Meadows

- D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490. On file

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

- A. Inclusive dates for the entire meeting: February 14, 2007 through April 22, 2007

- B. Actual dates racing will be held: February 14-19, 22-25; February 28,
 March 1-4, 7-11, 14-18, 21-25, 28-31
 April 1, 4-8, 11-15, 18-22

- C. Total number of days or nights of racing: 50

- D. Days or nights of the week races will be held:

☒ Wed - Sun ☐ Tues - Sat ☐ Other (specify)

Exceptions: Racing Monday, 2/19, Presidents Day, dark Wednesday, 2/21

- E. Number of days or nights of racing per week: Five days per week

3. RACING PROGRAM

- A. Total number of races: 430

- B. Number of races for each day or night: Propose to conduct 8 races on weekdays, 9 or 10 races on weekends and Holidays, averaging no more than 8.6 races per day. Will seek administrative approval to conduct more than an average of 8.6 races per day if the horse population permits additional races.

CHRB CERTIFICATION

Application received: 11/14/06 *apw*
 Deposit received: 2004/11/14 *apw*
 Reviewed:

Hearing date: 1/23/07
 Approved date:
 License number:

- C. Total number of stakes races: **9**
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. **Attached**
- E. Will provisions be made for owners and trainers to use their own registered colors?
☒ Yes ☐ No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

Race	Daytime Card	Friday Nights, 3/16, 3/23, 3/30, 4/13, 4/20
1	12:45	7:00
2	1:15	7:27
3	1:45	7:54
4	2:15	8:23
5	2:45	8:50
6	3:15	9:17
7	3:45	9:44
8	4:15	10:13
9	4:45	
10	5:15	

Post times to be adjusted as necessary to coordinate with post times at other California tracks

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: ☒ Corporation (complete subsection C)
☐ LLC (complete subsection D)
☐ Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On file**
- C. CORPORATION
- Registered name of the corporation: **Bay Meadows Racing Association**
 - State where incorporated: **Delaware**
 - Registry or file number for the corporation: **37818008100040226127**
 - Names of all officers and directors, titles, and the number of shares of the corporation held by each:

Terrence Fancher, Chairman and Director
Kristin Gardner, Director and Secretary
Charlene Kiley, Director
 - Names (true names) of all persons, other than the officers and directors listed above, that hold

Bay Meadows Proposed 2007 Spring Stakes Schedule

Monday, February 19, 2007-Overnight Handicap

Presidents' Day Handicap - \$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Four Year Olds & Upward

One Mile and a Sixteenth

Saturday, February 24, 2007-Overnight Handicap

Foster City Handicap - \$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Fillies & Mares, Four Year Olds & Upward

One Mile

Saturday, March 10, 2007

El Camino Real Derby Grade III - \$200,000 Guaranteed*

Three Year Olds

One Mile and One Sixteenth

Sunday, March 11, 2007

Bay Meadows Breeders' Cup Sprint Grade III - \$100,000 Guaranteed*

(*Includes \$25,000 from Breeders' Cup Fund)

Four Year Olds & Upward

Six Furlongs

Saturday, March 17, 2007-Overnight Handicap

Luck of the Irish - \$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Four Year Olds & Upward

One Mile and One Sixteenth (Turf)

Saturday, March 24, 2007-Overnight Handicap

Hillsborough - \$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Fillies & Mares, Four Year Olds & Upward

One Mile and One Sixteenth (Turf)

Saturday, March 31, 2007

California Turf Sprint - \$100,000 Guaranteed*

(Includes \$20,000 from Cal-Bred Race Fund)

Four Year Olds & Upward, Bred In California

Five Furlongs (Turf)

Saturday, April 14, 2007

Bay Meadows Breeders' Cup Oaks - \$100,000 Guaranteed*

(*Includes \$25,000 from Breeders' Cup Fund)

Fillies, Three Year Olds

One Mile and One Sixteenth

Saturday, April 21, 2007-Overnight Handicap

Monterey Handicap - \$50,000 Added

(Plus up to \$15,000 to Cal-Breds)

Fillies & Mares, Four Year Olds & Upward

One Mile (Turf)

5% or more of the outstanding shares in the corporation and the number of shares held by each:

Bay Meadows Main Track Investors, LLC

6. Number of outstanding shares in the corporation: **2,000,000**
7. Are the shares listed for public trading? ☐ Yes ☒ No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Kristin Gardner**
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Bay Meadows Main Track Investors, LLC
10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee. **On file**

D. LLC - **N/A**

E. OTHER - **N/A**

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

F. Jack Liebau, President
Bernie Thurman, Vice President and General Manager-Administration
Michael Ziegler, Vice President and General Manager-Operations
Michael Scalzo, Vice President Operations and Security
Dyan Grealish, Vice President and Director of Group Sales
Barbara Helm, Vice President, Finance
Bryan Wayte, Mutuel Manager
Kay Webb, Simulcast Coordinator
Michael Wrona, Announcer
Jim Fetter, Director of Video Operations

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:
F. Jack Liebau, President

5. PURSE PROGRAM

A. Purse distribution: **Note: BMRA did not conduct racing during the prior year time frame.**

1. All races other than stakes:

Current meet estimate: **\$6,870,358 (plus starter purses per Section 19605.75 of B & P Code)**
 Prior meet actual: **n/a**

2. Overnight stakes:

Current meet estimate: **\$ 250,000**
 Prior meet actual: **n/a**

3. Non-overnight stakes:

Current meet estimate: **\$ 500,000 (includes \$70,000 in supplemental monies)**
 Prior meet actual: **n/a**

B. Stakes Races:

1. Purse distribution for all stakes races:

Current meet estimate: **\$ 750,000**
 Prior meet actual: **n/a**

2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate: **13%***
 Prior meet actual: **n/a**

***Over the course of the calendar year, more than 10% of stake purse funds will be distributed to California-bred stake races.**

C. Funds to be generated for all California-bred incentive awards:

Current meet estimate: **\$ 731,198**
 Prior meet actual: **n/a**

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization	Estimated Payment Current Meet	Prior Meet Actual
CTT pension	\$ 75,222	n/a
CTT administration	37,611	n/a
TOC	75,222	n/a
NTRA contribution	<u>46,878</u>	n/a
Total	\$234,933	n/a

E. Total amount from all sources to be distributed in the form of purses or other benefits to horsemen: (5A +5C +5D)

Current meet estimate **\$ 8,586,489 (includes supplements), plus starter purses**
 Prior meet actual **n/a**

- F. Purse funds to be generated from on-track handle and intrastate off-track handle:

Note that the estimate for generated purse funds does not include supplemental monies, nomination, entry and starter fees, and previous meet carryovers

Current meet estimate	\$ 5,926,588
Prior meet actual	n/a

- G. Purse funds to be generated from interstate handle:

Current meet estimate	\$ 1,360,715
Prior meet actual	n/a

- H. Bank and account number for the Paymaster of Purses' purse account: **Wells Fargo--#4121055024**

- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
Bowen McBeth, 10722 Arrow Route, Suite #110, Rancho Cucamonga, CA 91730, (909) 944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: **900**
- B. Minimum number of stalls believed necessary for the meeting: **1,900**
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **1,500**
- D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Golden Gate Fields—1,300; Alameda County Fair—200**
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site.
Northern California Van and Stabling Agreement

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the 1986 meeting: **1,534**
- G. Estimated cost to provide off-site stalls for this meeting. **\$684,813** Show cost per day per stall: **\$7.74**
- H. Estimated cost to provide vanning from off-site stalls for this meeting. **\$126,500** Show fees to be paid for vanning per-horse: **\$115**

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, and TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$1 Double	CHRB #1959; RCI #VE
Race #1	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF, \$1PPN, \$1PNP (P4)**	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1, #1976.8, #1976.9
Race #2	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1
Race #3	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF, \$2PNP (P6)*	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1, #1976.9
Race #4	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1
Race #5	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF, \$1PNP (P4)**	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1, #1976.9
Race #6	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1
Race #7	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1
Race #8	\$1E, \$2Q, \$1TRI, \$1PK3, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1977, #1957, #1979.1
Race #9	\$1E, \$2Q, \$1TRI, \$2DD, \$.10SF	CHRB #1959, #1958, #1979, #1957, #1979.1
Race #10	\$1E, \$2Q, \$1TRI, \$.10SF	CHRB #1959, #1958, #1979, #1979.1

- B. Maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: **Closing day, April 22, 2007**
- C. List any options requested with regard to exotic wagering:
***\$2 Pick (n) Pool (Pick 6) will be offered on the final six races of each card, with 70% to the major pool or carryover, and 30% to the minor pool.**

****\$1 PNP-4 will be offered on the first four and final four races of each card.**

***\$1 PPN (Place Pick (n) Pool will be offered on the first ten races of each card.

Additional deduction provided by subdivision (a) of Section 19611.5 will be made.

- D. Will "advance" or "early bird" wagering be offered? ☒ Yes ☐ No
If yes, when will such wagering begin:

Advanced day wagering on Kentucky Derby Future Pools on dates to be determined

- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract:
Scientific Games system-Terry McWilliams. Service contract expires 9/07.

8. SIMULCAST WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering: **NCOTWINC**
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools. **On file**
- C. California simulcast facilities the association proposes to offer its live audiovisual signal:

NORTHERN CALIFORNIA

Alameda County Fair, Pleasanton
Bay Meadows, San Mateo
Big Fresno Fair, Fresno
California State Fair & Exposition, Sacramento
Club One, Fresno
Golden Gate Fields, Albany
Kern County Fair, Bakersfield
Monterey County Fair, Monterey
Redwood Acres Fair, Eureka
San Mateo County Fair, San Mateo
San Joaquin County Fair, Stockton
Santa Clara County Fair, San Jose
Shasta District Fair, Anderson
Solano County Fair, Vallejo
Sonoma County Fair, Santa Rosa
Stanislaus County Fair, Turlock
Tulare County Fair, Tulare

SOUTHERN CALIFORNIA

Barona Casino, Lakeside
Fantasy Springs Casino (Cabazon), Indio
Del Mar Thoroughbred Club, Del Mar
Hollywood Park, Inglewood
Desert ExpoCentre, Indio
The Farmers Fair, Perris
Antelope Valley Fair, Lancaster
Santa Barbara County Fair, Santa Maria
Los Alamitos Racecourse, Los Alamitos
Mid-State Fair, Paso Robles
National Orange Show, San Bernardino
Fairplex Park, Pomona
Santa Anita, Arcadia
Viejas Casino & Turf Club, Alpine
Earl Warren Showgrounds, Santa Barbara
Sycuan Gaming Center, El Cajon
Ventura County Fair, Ventura
San Bernardino County Fair, Victorville

- D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal: **Attached**
- E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:
Attached
- F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

Bay Meadows Spring Meet

February 14 - April 22, 2007

CHRB License 8D & E

Common Pool Locations	Common Pool Locations	Common Pool Locations
AmericaTAB, OR	Hinsdale Greyhound Park, NH	Prairie Meadows, IA
AmWest Entertainment, SD	Hinsdale Greyhound Park - acct. wagering, NH	Raceway Park, OH
Cypress Bayou Casino, LA	Hoosier Park @ Anderson, IN	Racing World, England/Ireland
Rider's Up OTB, SD	Horsemen's Park, NE	Raynham Taunton Greyhound, MA
The Sports Center, SD	Indiana Downs, IN	Remington Park, OK
Time Out Lounge, SD	Evansville OTB, IN	Retama Park, TX
Arapahoe Park, CO	Clarksville OTB, IN	RGS, St. Kitts
Arlington Park, IL	IRG, Curacao	River Downs, OH
Atlantic City Race Course, NJ	Jackson Harness Raceway, MI	Rockingham Park, NH
Atokad Downs, NE	Keeneland, KY	Rockingham Park Account Wagering, NH
Balmoral Park/Maywood Park, IL	Lebanon Raceway, OH	Seabrook Greyhound, NH
Bangor Historic Track, ME	Les Bois Park, ID	Rosecroft Raceway, MD
Beulah Park, OH	Lewiston Raceway, ME	Royal River Racing, SD
Birmingham Race Course, AL	Lien Games, ND	Ruidoso Downs, NM
Blue Ribbon Downs, OK	Chips Lounge and Casino, ND	Saginaw Harness, MI
Bluff's Run Greyhound, IA	El Rancho Motor Hotel OTB, ND	Sam Houston Race Park, TX
Buffalo Raceway, NY	Idaho Falls Racing OTB, ID	Valley Greyhound Park, TX
Calder Race Course, FL	North Dakota Horse Park, ND	Saratoga Raceway, NY
Canterbury Park, MN	Rumors OTB, ND	Scarborough Downs, ME
Capital District OTB, NY	Aberdeen Racing OTB, SD	Scioto Downs, OH
Capital Play Pty. Ltd., Australia	Mitch's Grandstand OTB, SD	Southland Greyhound, AR
Catskill Regional OTB, NY	Clubhouse Lounge @ ND Horse Park, ND	Sports Creek Raceway, MI
Charles Town Race Course, WV	Skydancer Casino OTB, ND	Suffolk Downs, MA
Choctaw Racing Services, OK	Lincoln Greyhound Park, RI	Suffolk Downs OTB's, MA
Oneida Bingo, WI	Lone Star Park, TX	Excelsior Casino, Aruba
Red River Casino, OK	Louisiana Downs, LA	Suffolk Regional OTB, NY
Comanche Nation Games, OK	LVDC, NV	Sunland Park, NM
Churchill Downs, KY	Atlantis Paradise Casino, Bahamas	SunRay Park, NM
Coeur d'Alene Casino & Acct. Wagering, ID	Cities of Gold, OK	The Greyhound Park @ Post Falls, ID
Colonial Downs, VA	Elite Turf Club, Curacao	The Lodge @ Belmont, NH
Columbus Races, NE	Fire Lake, OK	The Meadows, PA
Connecticut OTB, CT	Foxwoods Resort and Casino, CT	Thistledown, OH
Divi Carina Bay Casino	Meskwaki Bingo & Casino, OK	Tioga Downs, NY
Ho-Chunk Casino, WI	Stables, The, OK	Tri-State Greyhound, WV
John Martin's Manor, ME	Magna International, Austria/Germany	Turf Paradise, AZ
Mohegan Sun Casino, CT	Manor Downs, TX	Turfway Park, KY
Randall James Racetrack, St. Croix	Maryland Jockey Club, MD	TVG, CA
Royal Beach Casino, St. Kitts	Meadowlands/Monmouth, NJ	Vernon Downs, NY
Shoreline Star Greyhound, CT	Montana Simulcast Partners, MT	Western Region OTB, NY
Tote Investment Racing Service, Barbados	Monticello Raceway, NY	Wheeling Downs, WV
Corpus Christi Greyhound, TX	Mountaineer Park, WV	Wichita Greyhound, KS
Dairyland Greyhound Park, WI	Mount Pleasant Meadows, MI	Crystal Palace Casino, Bahamas
Delaware Park, DE	Nassau Regional OTB, NY	Will Rogers Downs, OK
Delta Downs, LA	Nebraska State Fair Park, NE	Wonderland Greyhound, MA
Dover Downs, DE	Nevada Pari-Mutuel Association, NV	Woodbine Entertainment (Canada)
Downs @ Albuquerque, NM	New Jersey Casinos, NJ	Woodlands, KS
Dubuque Greyhound, IA	Newport Jai-Alai, RI	Wyoming OTB, WY
Ellis Park, KY	New York City OTB, NY	Xpressbet, CA
Emerald Downs, WA	New York Racing Association, NY	Yavapai Downs, AZ
Evangeline Downs, LA	Northfield Park, OH	Yonkers Raceway, NY
Fair Grounds, LA	Cedar Downs OTB, OH	Youbet, CA
Fair Meadows, OK	Northville Downs, MI	Zia Park, NM
Finger Lakes, NY	Oaklawn Park, AR	
Fonner Park, NE	Ocean Downs, MD	
Freehold Raceway, NJ	Penn National, PA (PA only)	
Gillespie County Fair, TX	Penn National (non-PA)	
Great Lakes Downs, MI	Philadelphia Park, PA (PA)	
Greenetrack, AL	Philadelphia Park (non-PA)	
Gulf Greyhound Park, TX	Plainridge Race Course, MA	
Harrah's Chester Downs, PA	Plainridge Race Course - acct. wagering, MA	
Harrington Raceway, DE	Pocono Downs, PA (PA only)	
Hawthorne Race Course, IL	Pocono Downs (non-PA)	
Hazel Park, MI	Portland Meadows, OR	

Separate Pool Locations

Hipodromo Presidente Remon, Panama
LV Disseminator (NV)
MIR/Caliente, South America

CHRB-17 (Rev. 07/05)

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Calder	02/14/07 through 04/22/07	Full or Partial Cards
Fairgrounds	02/14/07 through 04/22/07	Full or Partial Cards
Gulfstream	02/14/07 through 04/22/07	Full or Partial Cards
Hastings	04/18/07 through 04/22/07	Full or Partial Cards
Hawthorne	02/14/07 through 04/22/07	Full or Partial Cards
Keeneland	04/04/07 through 04/22/07	Full or Partial Cards
Laurel	04/11/07 through 04/22/07	Full or Partial Cards
Lone Star	04/18/07 through 04/22/07	Full or Partial Cards
NYRA	02/14/07 through 04/22/07	Full or Partial Cards
Oaklawn	02/14/07 through 04/15/07	Full or Partial Cards
Pimlico	04/18/07 through 04/22/07	Full or Partial Cards
Tampa Bay	02/14/07 through 04/22/07	Full or Partial Cards
Turf Paradise	02/14/07 through 04/22/07	Full or Partial Cards
Turfway Park	02/14/07 through 04/08/07	Full or Partial Cards
Woodbine	04/04/07 through 04/22/07	Full or Partial Cards

Additional cards and/or races pending negotiations

- G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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Wagering will be offered on all races conducted or imported by Los Alamitos

- H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
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Wagering will be offered on all races conducted or imported by Cal Expo Harness

- I. For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported: **N/A**

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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- J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). N/A

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

9. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Bay Meadows Racing Association shall act as its own distributing agent in conformity with Section 19554(e)**
- B. Names and addresses of the trustees or directors of the distributing agent: **See 9A above**
- C. Dates the association will conduct races as charity racing days OR:
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? ☒ Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

- | | |
|--------------------------------|--------------------------------------|
| A. Racing officials nominated: | |
| Association Veterinarian(s) | Heather Kerr, Track Veterinarian |
| | Diane Isbell, Examining Veterinarian |
| Clerk of Scales | Ken Sjoldal |
| Clerk of the Course | Tina Walker |
| Film Specialist | Ken Sjoldal |
| Horse Identifier | Patrick Kealy |
| Horseshoe Inspector | Jack Hammonds |
| Paddock Judge | Ella Robinson |
| Patrol Judges | Ella Robinson, Myra Truitt |

Placing Judges

Steve Martinelli, Greg Brent

Starter

Chuck Burkes

Timer

Richard Somers

B. Management officials in the racing department:

Racing Secretary

Tom Doutrich

~~Assistant Racing Secretary~~~~Greg Brent, Linda Anderson~~

Director of Racing

Richard Lewis

Paymaster of Purses

Peggy Morsi

Others (identify by name and title)

Asst Clerk of Scales

Bob McGrath

Main Track Superintendent

Robert Turman

Turf Track Superintendent

Bernie Eastridge

Price Maker

Richard Somers

Stable Area Superintendent

Jerry Lynn Hunter

C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: **Christine Niccoli, Niccoli Reporting Associates, 619 Pilgrim Drive, Foster City, CA 94404 (650) 573-9339**

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:

Plusmic Corporation USA (Bill O'Brien), 12/31/07

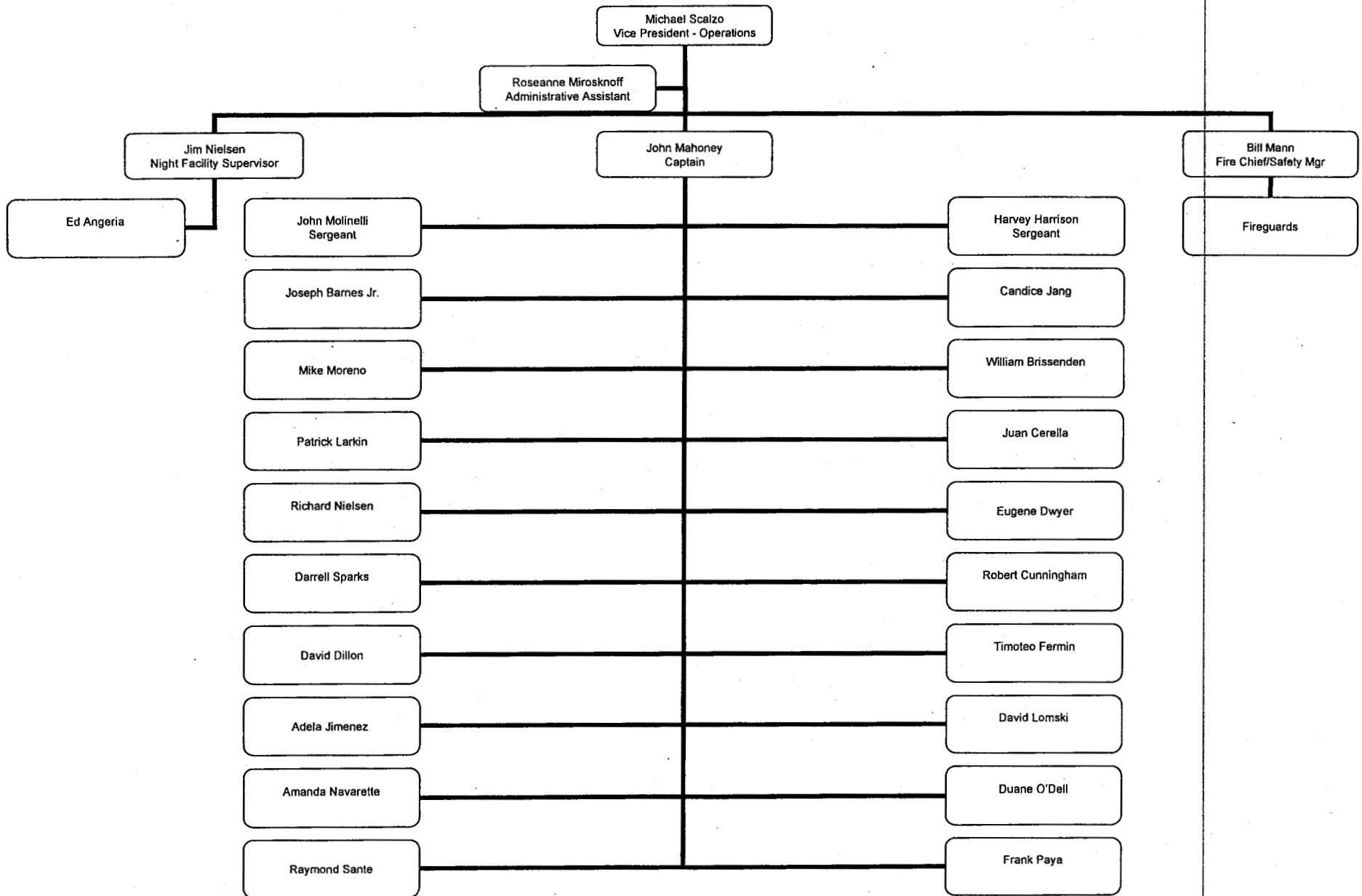
E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.

Bay Meadows Video Department, lead by Jim Fetter, supplies the video equipment to record all races. Seven color cameras, twenty-one videotape recorders, and nine video monitors are utilized.**Cameras for dirt and turf tracks include:****Pan camera #1 (tight pan) aligned with finish lines, just above photo finish camera on grandstand roof****Pan camera #2 (wide pan) located next to tight pan camera****3/8 tower camera aligned with backstretch of dirt track****1/4 tower camera aligned with front stretch of turf course (rear view)****7/8 tower camera aligned with front stretch of dirt track****7/8 pan/tilt/zoom remote controlled camera aligned with turf course front stretch (head on)****5/16 pan/tilt/zoom remote controlled camera****Highlight camera follows lead horses down the stretch from near-ground level**

F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:

Electronic timer, installed and maintained by Bay Meadows personnel**11. SECURITY CONTROLS**A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers. **Michael Scalzo, VP Operations & Security. Organizational chart & list of security personnel attached**

Bay Meadows – Security Department Organizational Structure



Bay Meadows – 2007 Security Personnel

Security Office Phone #	(650) 573-4535
Stable Gate Phone #	(650) 573-4577

Scalzo, Michael, VP Operations and Security
Office# (650) 573-4540
Cell # (650) 222-8153

Staff Members:

Nielsen, James
Angerina, Ed
Barnes Jr, Joseph
Bottari, Robert
Brissenden, William
Cerella, Juan
Cook, Robert
Cunningham, Robert
Dillon, David
Dwyer, Eugene
Eitel, Calvin
Ferman, Tomoteo
Harrison, Harvey
Hart, Gregory
Jang, Candice
Jimenez, Adela
Larkin, Patrick
Lomski, David
Mahoney, John
Mann, Bill
Mirosnkoff, Roseanne
Molinelli, John
Moreno, Michael
Navarrete, Amanda
Nielsen, Richard
Paya, Frank
Plunkett, Todd
Sparks, Darrell
Wild, Neil

- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:

Uniformed guards	21
Plain clothesmen	2
Stable gate attendants	5

1. Attach a written plan for enhanced security for graded/stakes races and races of \$100,00 or more, to include the number of security guards in the restricted areas during a 24 hours period and a plan for detention barns. **Attached**
2. Detention Barns
 - A. Attach a plan for use of graded stakes or overnight races: **Attached**
 - B. Number of security guards in the detention barn during a 24 hour period-4
 - C. Describe number and location of surveillance cameras in detention barn area: **Attached**
3. TCO2 Testing
 - A. Number of races to be tested, and number of horses entered in each race to be tested.
Applicant will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6
 - B. Plan for enhanced surveillance for trainers with high-test results.
Applicant will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6
 - C. Plan for detention barns for repeat offenders.
Applicant will follow CHRB staff directives to insure compliance with CHRB Rule 1843.6
 - D. Number of security personnel assigned to the TCO2 program.
As needed per advice of CHRB staff
- C. Describe the electronic security system:

Security alarm systems, including cameras, motion and contact sensors, monitored by Hue & Cry, cover the administrative offices, mutuel, catering and operations money rooms. Surveillance systems with time-lapse recorders monitor key locations throughout the plant and parking lot.

 1. Location and number of video surveillance cameras for the detention barn and stable gate.
Attached
- D. For night racing associations: Describe emergency lighting system:

Bay Meadows has five diesel electric generators that power backup lighting systems. Normally, the generators are run only in the case of a PG & E failure. On nights during which evening cards are conducted, the generator connected to the twenty-four 1,500 watt metal halide lights on the roof is turned on in order to insure that there is no transfer lag time should there be a PG & E failure. Three portable 4-lamp, 1,000 watt metal halide generator sets, one in the corporation yard, one at the quarter chute entrance, and one in the south parking lot adjacent to the jockeys room, are also utilized. The emergency lighting system provides power not only to the track lights, but to key areas such as totalizator, computer, phone, and money rooms, public address systems, and public areas in the grandstand and parking lots. Additionally, each barn is equipped with battery powered emergency lighting. To insure reliability, the generators are serviced bi-annually and are run for at least one hour each month.

Attachment to BMRA License Application**11. SECURITY CONTROLS**

B-1, B-2 and C-1

Plan for Graded Stakes/Races of \$100,000 or more

When a Graded Stakes Race or race with a purse of \$100,000 or more is conducted at Bay Meadows, the following procedures are implemented to enhance security:

- Richard Lewis, Coordinator of Racing Operations, provides a list of starters to Michael Scalzo, VP Operations and Security. The list, which is compared to the day's official racing program, contains the following information:
 1. Name of Horse
 2. Name of Trainer or Substitute Trainer
 3. Name of Groom
 4. Name of Veterinarian
 5. Barn number where horse is stabled
 6. Stall number in barn where horse is stabled
- To supplement the normal security staff assigned to the barn area, "Special security" personnel are assigned to each horse's stall and surveillance begins six (6) hours before the official start of the race. The number of special security personnel is dependent upon the number of entrants in the race.
- The special security people attend an instructional meeting early in the morning of the race; instructions include:
 1. The specific assignment details for the individual horse assigned each guard.
 2. A briefing on race day medication rules, provided by a California Horse Racing Board representative.
 3. A briefing on the dynamics of horse racing and racing operations by Richard Lewis, Coordinator of Racing Operations.
 4. A briefing on general operations procedures as they relate specifically to the Bay Meadows Racecourse.
 5. Each guard is given a packet which includes an official racing program and a form provided by the CHRB which is to be signed by the attending veterinarian at the time of the administration of furosemide or estrogens for all horses registered as bleeders. The form notes the name of the Horse, Trainer, Veterinarian, Race Number, Barn Number, Stall Number, Official Post Time, Administered Time of Bleeder Medication and Number of injections/syringes.
 6. Each individual is given a video camera to record any and all activity involving individuals entering and exiting their assigned horse's stall. Guards are instructed to first direct their camera recording to the posted number of the stall to confirm that the video is directed at the assigned runner. Guards are instructed to videotape the attending veterinarian at the time of his or her administering the furosemide and/or estrogen shot for those horses registered as bleeders.
 7. Each guard is instructed to monitor any suspicious activity or activity they don't understand, and to contact the VP of Operations and Security if and when suspicious activities may take place.

8. Guards are instructed to station themselves as close to the assigned horses' stall as possible, without jeopardizing safety, and are to remain in view of the horses' stall.
 9. Each guard is instructed to follow, on foot, the horse and handlers to the receiving barn before the race is run.
 10. Each guard is instructed to meet the VP of Operations & Security at the receiving barn, where he or she will return the video camera and any notes he/she may have taken pertaining to the day's surveillance. At this time, there will be a discussion with all guards relating to the day's activities.
- Video surveillance tapes are saved until all test results have been determined to be negative.
 - CHRB investigators coordinate with the BMRA special surveillance team. Investigators are encouraged to visit the location of all participating horses in the graded/stakes race(s) of the day.

Detention Barn Plan & Number and Location of surveillance cameras in detention barn area:

In January, 2005, a new surveillance system was installed in Barn One, which is the barn mostly frequently utilized by horses shipping in to run at Bay Meadows. Barn One is 360' long by 180' wide, and has ten exits and entrances. It contains approximately 162 stalls, and houses the receiving barn area, transit and detention stalls. Surveillance equipment includes a 16 camera, 180 GB digital recording system. The installation of surveillance equipment in Barn One enables the company to better monitor the activity of horses and persons entering and exiting Barn One and the stable gate area, which is roughly fifty feet away.

One camera has been strategically placed to monitor the stable gate entrance, two cameras monitor designated detention stalls, and the balance have been placed to provide surveillance of the entrances and exits to the barn.

The recorder is kept in a secure housing in a locked communications room in the Barn building. A password is required before any action can be taken on the recording system.

The cameras are powered from a common power supply located, with the recorder, in the communications room. The entire system is powered with a UPS power back-up, and will continue to operate during a power failure.

All cameras generate their own infra-red light source, so they provide a viewable image even in "total" darkness. They operate in color during the day, and convert to black-and-white in dark lighting conditions.

The digital recorder records all cameras at full frame. Recording options include resolution quality and motion detection. In motion detection mode, video frame recording commences only when motion is detected within selected areas, which saves on hard-drive storage space. The amount of time that can be stored before re-recording over existing material occurs is dependant upon the amount of barn activity. If all cameras recorded 24 hours a day, 7 days a week, at the highest resolution setting, the 180 GB drive would begin re-writing over existing data within about 48 hours. With standard resolution and motion detection engaged, recording time falls between 5 and 10 days before re-writing begins.

12. EMERGENCY SERVICES

- A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Bayshore Ambulance, Box 4622, Foster City, CA 94404 (650) 525-9700
- B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
- | | |
|--------------------------------|--------------------------------------|
| Golden Gate Fields: | Alameda County Fair: |
| Turf Rescue, LLC | American Medical Response |
| 19615 Barclay Road | 640 – 143rd Avenue |
| Castro Valley, CA 94546 | San Leandro, CA 94577 |
| (510) 581-8470 | (510) 895-7600 |
- C. Attach a fire clearance from the fire authority having jurisdiction over the premises. **To be submitted under separate cover**
- D. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **AIG WC 3420903**
- E. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation. **Attached**

13. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, **other than those already identified**, and the goods and/or services to be provided by each:

Tip Sheets:	Jacqueline Wasserman/Jack's Blue Card, 127 Sun Avenue, Hayward, CA 94544
Armored Car:	Loomis Armored Car. P. O. Box 44196, San Francisco, CA 94104
Program Printing:	Del Mar Printing, c/o Golden Gate Fields., 1100 Eastshore H-way, Albany, CA 94706
Track Photographer:	Vassar Photography, 1167 Sapphire Drive, Livermore, CA 94550
Jockey's Laundry:	F. Lorene Dutton/Bailey's Mobile Laundry, 3263 Vineyard Ave., Pleasanton, CA 94566
Starting Gate:	Mike Costello/United/Puett Starting Gate Co., P. O. Box 18, S. Salem, NY 10590

14. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

- A. Describe any promotional plans: **Attached**
- B. Number of hosts and hostesses employed for meeting: **Seven group sales hosts and hostesses, one "handicapping 101" staffer, two tour guides, two greeters, (one located next to the general admission program seller and one located in the clubhouse lobby area), ten mutual customer service aides, four mutual information windows and five marketing aides.**
- C. Describe facilities set aside for new fans.

Newcomer tours

New fans can log on to the updated Bay Meadows web site, www.baymeadows.com, to learn about Bay Meadows in a unique manner. From the homepage, fans who have never attended the races can sign up for a personalized tour of the facility. The special tour includes free admission and programs, a look at the entire facility, and seating in the Clubhouse boxes which overlook the outside paddock and finish line.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE
01/02/2007

PRODUCER Willis North America, Inc. 26 Century Blvd. P. O. Box 305191 Nashville, TN 372305191		877-945-7378		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Bay Meadows Racing Association C/O Hollywood Park ATTN: Barbara Helm 5050 Prairie Avenue Hollywood Park, CA 94402		INSURERS AFFORDING COVERAGE		NAIC#	
		INSURER A: New Hampshire Insurance Co.		23841-100	
		INSURER B:			
		INSURER C:			
		INSURER D:			
		INSURER E:			

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR. INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	3423949	1/1/2007	1/1/2008	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

CERTIFICATE HOLDER**CANCELLATION**

California Horse Racing Board
 ATTN: John Reagan
 1010 Hurley Way, Suite #300
 Sacramento, CA 95825

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

FIRE DEPARTMENT
Bureau of Fire Protection and Life Safety
www.cityofsanmateo.org



1900 O'Farrell, Suite 140
San Mateo, California 94403-1382
(650) 522-7940
FAX: (650) 522-7941
TDD: (650) 522-7047

December 18, 2006

Ms. Burnie Thurman
Bay Meadows Land Company
2600 S. Delaware St.
San Mateo, California 94403

Dear Ms. Thurman:

This letter is to serve as the San Mateo Fire Department Fire Clearance for Bay Meadows Land Company at 2600 S. Delaware Street, San Mateo, California. The Fire Clearance is in effect starting January, 2007 to December 2007.

Your staff's continued attention to correcting the listed fire code violations is greatly appreciated. As long as these efforts show progress, this Fire Clearance will remain valid through December 31, 2007. All fire and life safety issues are to be brought to compliance and/or stay in compliance to assure public safety.

Should you have any questions, please feel free to contact me at the above telephone number.

Sincerely,

Michael Leong
Fire Marshal

Gary Devincenzi

Fire Inspector

Bay Meadows Racing Association - Spring 2007 Promotional Plan

Day	Date	Planned Promotion
Wednesday	14-Feb	Opening Day - Valentine's Day Direct Mail Coupon for free General Admission
Thursday	15-Feb	Free General Admission to Seniors and Winners Circle Members
Friday	16-Feb	Business Person Lunch
Saturday	17-Feb	Beat the Pro Handicapping Contest with KNBR
Sunday	18-Feb	Database Matching Direct Mail Promo - "An offer you can't refuse"
Monday	19-Feb	Presidents' Day - Promotional Giveaway #1
Thursday	22-Feb	Free General Admission to Seniors and Winners Circle Members
Friday	23-Feb	Business Person Lunch
Saturday	24-Feb	Free Day on us Promo - Free Clubhouse Admission, Parking, Program, Racing Form
Sunday	25-Feb	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	28-Feb	
Thursday	1-Mar	Free General Admission to Seniors and Winners Circle Members
Friday	2-Mar	Business Person Lunch
Saturday	3-Mar	Big 'Cap at Santa Anita - Mystery Mutuel Voucher #1
Sunday	4-Mar	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	7-Mar	
Thursday	8-Mar	Free General Admission to Seniors and Winners Circle Members
Friday	9-Mar	Business Person Lunch
Saturday	10-Mar	El Camino Real Derby - Promotional Giveaway #2
Sunday	11-Mar	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	14-Mar	
Thursday	15-Mar	Free General Admission to Seniors and Winners Circle Members
Friday	16-Mar	Friday's Alive - Band TBD
Saturday	17-Mar	St. Patrick's Day - \$1 Day, including \$1 Green Beer
Sunday	18-Mar	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	21-Mar	
Thursday	22-Mar	Free General Admission to Seniors and Winners Circle Members
Friday	23-Mar	Friday's Alive - Band TBD
Saturday	24-Mar	Promotional Giveaway #3
Sunday	25-Mar	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	28-Mar	
Thursday	29-Mar	Free General Admission to Seniors and Winners Circle Members
Friday	30-Mar	Friday's Alive - Band TBD
Saturday	31-Mar	Free Day on us Promo - Free Clubhouse Admission, Parking, Program, Racing Form
Sunday	1-Apr	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	4-Apr	
Thursday	5-Apr	Free General Admission to Seniors and Winners Circle Members
Friday	6-Apr	Day Racing - Good Friday
Saturday	7-Apr	Santa Anita Derby - Mystery Mutuel Voucher #2
Sunday	8-Apr	Easter Family Day
Wednesday	11-Apr	
Thursday	12-Apr	Free General Admission to Seniors and Winners Circle Members
Friday	13-Apr	Friday's Alive - Band TBD
Saturday	14-Apr	Promotional Giveaway #4
Sunday	15-Apr	Database Matching Direct Mail Promo - "An offer you can't refuse"
Wednesday	18-Apr	
Thursday	19-Apr	Free General Admission to Seniors and Winners Circle Members
Friday	20-Apr	Friday's Alive - Band TBD
Saturday	21-Apr	Grab Bag Day
Sunday	22-Apr	Closing Day - Fan Appreciation Day Database Matching Direct Mail Promo - "An offer you can't refuse"

Fans arrange for their tours at their convenience. Newcomers are met in front of the facility, at the admission entrances, and receive an explanation as to how they would return to the races on their own. The tour includes trips to various areas of the plant, from the mainline to the Turf Club, and attendees are familiarized with where to buy a program or Form, where to purchase reserved seats, etc., during the tour. At the end of the tour, attendees are escorted to a seating area reserved for newcomers which overlooks the finish line. The tour guide walks them through a few simple handicapping techniques and visits them occasionally throughout the remainder of the day to make sure they are comfortable.

Newcomer Mutuel Windows

In the mainline, mezzanine, clubhouse and Turf Terrace areas, betting windows designated as "Newcomers Welcome" are staffed with friendly and helpful mutuel clerks trained to accommodate the needs of novice fans.

Handicapping 101 Center

A large information area on the mainline has been designated as a "Handicapping 101" center. The area features a large banner, and is staffed by friendly marketing aides that are trained to answer questions for any and all fans, including how to read the program, explain odds and payoffs, provide directions, etc.

D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:

1. Horsemen -
2. Fans - New carpet in Punters' Theatre, new sound equipment in the Infield, Clubhouse and Turf Club.
3. Facilities in the restricted areas -

15. SCHEDULE OF CHARGES

A. Proposed charges, note any changes from the previous year:

Admission (general)	\$3.00
Admission (clubhouse)	\$6.00
Admission (turf club on weekdays)	\$10.00
Admission (turf club on weekends)	\$15.00
Reserved seating (general)	\$3.00
Reserved seating (clubhouse)	\$3.00
Parking (general)	\$4.00
Parking (preferred)	\$7.00
Parking (valet)	\$7.00
Programs (on-track)	\$2.25
Programs (off-track)	\$2.25

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Bay Meadows Jockey Club:

Single Membership	\$ 600
Double Membership	\$ 1,000
Full Season (6 seat table)	\$ 2,400
Full Season (4 seat table)	\$ 2,000
Weekday Membership (4 seats)	\$ 600
Weekend/Holiday Membership (4 seats)	\$ 1,500

Bay Meadows Reserved Box Seating:

Clubhouse Box (6 seats)	\$ 1,000
Special Horsemen's Rate	\$ 700
Grandstand Box (6 seats)	\$ 1,350
Special Horsemen's Rate	\$ 900
Grandstand Box (4 seats)	\$ 1,100
Special Horsemen's Rate	\$ 800

C. Describe any "package" plans such as combined parking, admission and program: **None**

16. JOCKEYS/DRIVERS' QUARTERS

A. Check the applicable amenities available in the jockeys/drivers' quarters:

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input type="text" value="25"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

B. Describe the quarters to be used for female jockeys/drivers:

Fifteen by seventeen foot room with a private entrance hall; room has windows TV, heating unit, bunk beds, and a single stall shower. Attached to the room is a private sink and toilet.

17. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by **CHRB Investigator Bob Gai on 8/31/06**

B. Number of rooms used for housing on the backstretch of the racetrack:
69 rooms in the barn area, plus 53 in the dormitory for a total of 122 rooms

C. Number of restrooms available on the backstretch of the racetrack:
Barn area has 10 restrooms with 35 toilets & 26 showers, dorm area has 6 restrooms, 3-men, 3-women

D. Estimated ratio of restroom facilities to the number of backstretch personnel: **1 to 7**

18. TRACK SAFETY

A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: feet.

B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Inner rail is a metal gooseneck Fontana safety rail, 42" in height from track to top of rail.
Outer rail is a metal rounded pipe rail.

C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: **Bob Turman**

D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **On file**

- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. **N/A**

19. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):
Contract negotiations with HERE (Local 2) are underway
- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. **To be submitted**
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). **On file**
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state):
No exceptions
- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions**

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

20. CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

BERNIE THURMAN

Print Name

VICE PRESIDENT

Print Title

[Signature]

Signature

11/12/06

Date

CALIFORNIA HORSE RACING BOARD

JANUARY 23, 2007
REGULAR BOARD MEETING

There is no board package material for item 5

STAFF ANALYSIS
ENFORCEMENT OF
RULE 1690.1. TOE GRABS PROHIBITED

Regular Board Meeting
January 23, 2007

BACKGROUND

Business and Professions (B&P) Code Section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings is vested in the California Horse Racing Board (Board). B&P Code Section 19562 states that the Board may prescribe rules, regulations and conditions under which all horse races with wagering on their results shall be conducted in California. In February 2006 the Board added Rule 1690.1, Toe Grabs Prohibited, to prevent the use of toe grabs over four millimeters in height on thoroughbreds. However, thoroughbred farriers report that few manufacturers produced low toe grabs that meet the four-millimeter requirement. In addition, farriers stated shoes with jar calks could include toe grabs with a height greater than four millimeters. In light of these revelations, implementation of the regulation was delayed, and at the July 2006 Regular Board Meeting a proposed amendment to Rule 1690.1 was heard for adoption. The proposed amendment would increase the allowed height of toe grabs to five millimeters and authorize the use of toe grabs with jar calks under certain conditions. The Board did not adopt the proposed amendment.

ANALYSIS

The full implementation of Rule 1690.1 has been delayed. Two reasons for the delay are questions regarding the necessity of the regulation, as few trainers are reported to be using toe grabs within the range reported to cause harm to horses, and the advent of synthetic racing surfaces. However, not all racetracks have installed synthetic racing surfaces, and horses continue to run on traditional dirt surfaces.

Vice-Chairman Harris provided the reviews of various studies regarding toe grabs, which are attached. A current copy of Rule 1690.1 is also included.

RECOMMENDATION

This item is presented for discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
RULE 1690.1. TOE GRABS PROHIBITED

Regular Board Meeting
January 23, 2007

1690.1. Toe Grabs Prohibited.

(a) Toe grabs with a height greater than four millimeters, worn on the front shoes of thoroughbred horses while racing, are prohibited.

Authority: Sections 19420 and 19562,
Business and Professions Code.

Reference: Section 19481,
Business and Professions Code.

During the Welfare and Safety of the Racehorse Summit in October, one of the subjects discussed was whether certain types of shoes created additional risk for injuries to horses, especially to race horses. Past studies funded by Grayson-Jockey Club Research Foundation have led many to believe that toe grabs, especially the longest type, on the front feet of race horses do, in fact, create greater incidence of musculoskeletal injury.

One of the committees growing out of the Summit is examining this subject as part of an overall look at how shoeing practices might be improved upon, with the safety of the horse the aim. (The Summit was coordinated and underwritten by the Foundation and The Jockey Club and was hosted by Keeneland.)

Following is a review of various research studies which have been conducted and which address the issue of shoe types. These summaries were compiled by Dr. A. C. Asbury, veterinary consultant of Grayson-Jockey Club Research Foundation, and were edited by Dr. Sue Stover of the University of California-Davis, one of the most accomplished researchers in the field. (Note: References to AJVR indicate *American Journal of Veterinary Research*.)

Evaluation of horseshoe characteristics and high-speed exercise history as possible risk factors for catastrophic - musculoskeletal injury in Thoroughbred racehorses

Hernandez, JA; Scollay, MC; Hawkins, DL; Corda, JA; Krueger, TM: U. Florida, *AJVR*, Vol 66, no.8, August 2005

Objective – To evaluate horseshoe characteristics and high-speed exercise history as risk factors for catastrophic musculoskeletal injury in Thoroughbred racehorses.

Animals – 377 horses (35,629 race starts).

Procedures – Shoe characteristics included material, toe grab height, heel traction device, pads and rim shoes. Racing variables were obtained from a computerized database. Forty-three horses that had a musculoskeletal injury and then failed to race or train for 6 months (cases) and 334 noninjured horses from the same races in which horses were injured (controls) were compared regarding risk factors.

Results – Overall, 98% of race starts were associated with aluminum shoes, 85% with toe grabs, 32% with pads and 12% with rims on forelimb horseshoes. Among 43 horses with musculoskeletal injury, sex (geldings), an extended interval since, and reduced exercise during the 30 or 60 days preceding injury were risk factors for catastrophic injury. Odds of injury in racehorses with toe grabs on front shoes were 1.5 times the odds of injury in horses without toe grabs, but this association was not significant (95% confidence interval, 0.5 to 4.1).

In essence, if the sample size (i.e., number of horses) had been larger AND the results from the larger sample were similar to that of the smaller sample reported - the odds would have been statistically significant. Since severe and catastrophic injuries are rare (the good news), it is difficult to get a large enough sample size in most regional studies to be relatively certain the results will hold for all similar samples.

Conclusions and Clinical Relevance – Results suggest that horses that return to racing after an extended period of reduced exercise are at high risk of catastrophic musculoskeletal injury. Results regarding the use of toe grabs as a possible risk factor for catastrophic injury were inconclusive because the probability of declaring (in error) that use of toe grabs was associated with an increased risk of musculoskeletal injury (e.g., odds ratio > 1.0) was 38%.

Since the sample size (number of horses studied) was relatively small - the likelihood that the same results would be obtained from a different sample (study) are about 62%. So the results are more likely correct than incorrect. But you can't be sure at the level that is desired to be considered scientifically sound (95%).



Observer variation in visual assessment of forelimb horseshoe characteristics on Thoroughbred racehorses

Gross, DK; Stover, SM; Hill, AE; Gardner, IA: UC, Davis, *AJVR*, Vol 65, no. 12, December 2004

Objective – To assess the accuracy and reliability of a visual method of evaluating horseshoe characteristics.

Animals – 1,199 Thoroughbred racehorses.

Procedure – Characteristics of 1 forelimb horseshoe were visually assessed on horses immediately prior to racing by 5 field observers at 5 major racetracks in California. Characteristics evaluated included horseshoe type; toe grab height; and the presence of a rim, pad, and heel traction devices. Sensitivity and specificity for observer assessment of horseshoe characteristics were calculated by comparing observer assessments to a postmortem laboratory standard for horses that died within 48 hours of a race. Intraobserver agreement was assessed in a subset of horses by comparing horseshoe observations made before and after the horse's race. Interobserver agreement was evaluated by comparing horseshoe assessment among observers who examined the same subset of horses prior to racing on select days.

Results – The sensitivity and specificity of this visual method of evaluating horseshoe characteristics were good and ranged from 0.75 to 1 and 0.67 to 1, respectively. Agreement beyond chance (weighted kappa values) between observers and the laboratory standard for toe grab height was fair (0.60 to 0.62). Intraobserver and interobserver agreements (kappa values) were high (0.86 to 0.99 and 0.71 to 1, respectively).

Conclusions and Clinical Relevance – Visual observation of horseshoes can be a feasible and reproducible method for assessing horseshoe characteristics prospectively in a large cohort of horses under racing conditions.



Effects of injury to the suspensory apparatus, exercise, and horseshoe characteristics on the risk of lateral condylar fracture and suspensory apparatus failure in forelimbs of Thoroughbred racehorses

Hill, AE; Gardner, IA; Carpenter, TE; Stover, SM; UC, Davis, *AJVR*, Vol 65, No 11, November 2004

Objective – To assess concurrently the effects of moderate ligamentous suspensory apparatus injury (MLSAI), racing-speed exercise, and horseshoe characteristics on risk of catastrophic suspensory apparatus failure (SAF) or metacarpal condylar fracture (CDY) in forelimbs of racehorses.

Sample Population – Cadavers of 301 Thoroughbred racehorses (108 with SAF, 33 with CDY, and 160 control horses).

Procedure – A cross-sectional epidemiologic study was used to describe distributions and relationships between MLSAI, exercise, and horseshoe variables. Logistic regression was used to assess potential risk factors for developing SAF and CDY.

Results – Exercise variables were more highly associated with age than height of a steel bar affixed to the ground surface of the front of a horseshoe (i.e., toe grab) or sex.

These findings are typical of studies that look simultaneously at several variables where the variables are related to one another. For example, horses that are exercised more intensely (i.e., further along in their training program) are more likely to have higher toe grabs. When one of the variables explains whether or not horses are injured, the other related variable tends to fall out of the results because the relationship was accounted for by the first variable.

Marginal associations were detected between MLSAI and age and height of toe grab.

'Marginal' refers to not quite making the 95% level of confidence we always try to achieve for statistical significance. In this study, the relationship achieved 92% level. That is, the higher the toe grab the greater the chances of having a mild ligamentous suspensory apparatus injury. Higher risk for developing SAF was associated with MLSAI.

It is important to understand that toe grabs are (at 92% level of confidence) associated with increased risk for mild ligamentous suspensory apparatus injury (MLSAI). And having MLSAI increases risk for suspensory apparatus failure (SAF). Once MLSAI is in the statistical model for SAF, toe grabs will not come in because they are related to MLSAI. However, because toe grabs are related to MLSAI and MLSAI is related to SAF - then toe grabs are related to SAF. use of a pad on a horseshoe, longer interval since last period of ≥60 days without a race or timed workout (i.e., layup), 2 to 5 career races, and higher intensity of recent exercise. Higher risk for developing CDY was associated with MLSAI, male horses, age between 2 and 5 years, higher intensity of recent exercise, and longer interval since layup.

Conclusions and Clinical Relevance – Recognition of MLSAI and rehabilitation of affected horses should reduce incidence of SAF and CDY. Horses in long-term continuous training with recent high-intensity exercise are at greater risk for injury. Use of pads in horseshoes was associated with SAF, although the relationship may not be causal.



Underrun Heels and Toe-Grab Length as Possible Risk Factors for Catastrophic Musculoskeletal Injuries in Oklahoma Racehorses

Olin K. Balch, DVM, MS, PhD; R. Gayman Helman, DVM, PhD, Diplomate ACVP; Michael A. Collier, DVM, Diplomate ACVS

Prevalence of underrun heels in 90 Oklahoma racehorses of different breeds examined postmortem by the Oklahoma Animal Disease Diagnostic Laboratory exceeded 97%. Severity of the underrun heels was significantly greater in racehorses experiencing catastrophic suspensory apparatus injuries than a control group whose deaths were not related to the musculoskeletal system. Lengths of toe grabs were not a significant potential risk factor in catastrophic suspensory apparatus injuries in this study. This research was performed while the authors were employed by the Department of Veterinary Clinical Sciences (Balch, Collier) and the Oklahoma Animal Disease Diagnostic Laboratory (Helman), College of Veterinary Medicine, Oklahoma State University, Stillwater, OK 47078.

Study Population – The study included 90 racehorses (56 Thoroughbreds, 28 Quarter Horses, 3 Appaloosas, and 3 Paint Horses) examined postmortem by the Oklahoma Animal Disease Diagnostic Laboratory (OADDL) for the Oklahoma Horse Racing Commission between 3 March 1999 and 26 November 2000. Toe-grab length measurements (reported as means and standard deviations) were not significantly different between non-CMI control horses (5.46 ± 2.69 mm) and CMI (5.09 ± 2.65 mm), SAF 1 Fx (3.93 ± 2.59 mm), CCFx (5.66 ± 2.47 mm), or SAF (4.45 ± 2.65 mm) case horses. Importantly, the differences of the toe-grab lengths between the non-CMI controls and Oklahoma SAF cases were statistically insignificant (power 5 0.8 at -30% or 1.5 mm).

Perhaps the most interesting part of this study was our inability to confirm the California findings that toe grabs were a potential risk factor for SAF.

This study is the only one we are aware of that did not find trends in the same direction as the California and Florida studies. This study did include a substantial number of Quarter horses and other non-Thoroughbred horses.

Risk factors for and outcomes of noncatastrophic suspensory apparatus injury in Thoroughbred racehorses

Hill, AE; Stover, SM; Gardner, IA; Kane, AJ; Whitcomb, MB, Emerson, AG: UC, Davis, *JAVMA*, Vol. 218, No. 7, April 1, 2001

Objective – To evaluate effects of toe grabs, exercise intensity, and distance traveled as risk factors for sub-clinical to mild suspensory apparatus injury (SMSAI) in Thoroughbred racehorses and to compare incidence of severe musculoskeletal injury (MSI) in horses with and without SMSAI.

Design – Nested case-control study.

Animals – 219 Thoroughbred racehorses racing or in race training.

Procedure – Racehorses were examined weekly for 90 days to determine incidence of suspensory ligament injury and monitor horseshoe characteristics. Every horse's exercise speeds and distances were recorded daily. Conditional logistic regression was used to compare exposure variables between incident case (n = 25) and selected control (125) horses. Survival analysis was used to compare time to MSI for horses with (n = 41) and without (76) SMSAI.

Results – The best-fitting logistic model for the data included age (< 5 vs ≥ 5 years old), toe grab height the week of injury (none vs very low, low, regular, or Quarter Horse height), and weekly distance the week preceding injury (miles). Although the 95% confidence intervals for all odds ratios included 1, the odds for SMSAI appeared to increase with the presence of a toe grab, higher weekly distance, and age ≥ 5 years.

If the sample size (number of horses studied) was larger AND the results for the larger sample were the same as the results of the sample studied, the magnitude of the statistical significance would be larger (more likely to be 'statistically significant').

Horses that had SMSAI were significantly more likely to have a severe MSI or severe suspensory apparatus injury than were horses that did not.

Conclusions and Clinical Relevance - Results suggest that pre-existing SMSAI is associated with development of severe MSI and severe suspensory apparatus injury. Modifying training intensity and toe grab height for horses with SMSAI may decrease the incidence of severe MSI.

Horseshoe characteristics as possible risk factors for fatal musculoskeletal injury of Thoroughbred racehorses

Kane, AJ; Stover, SM; Gardner, IA; Case, JT; Johnson, BJ; Read, DH; Ardans, AA: UC, Davis, *AJVR*, Vol 57, No. 8, August 1996

Objective - To evaluate selected shoe characteristics as risk factors for fatal musculoskeletal injury (FMI) and specifically for suspensory apparatus failure (SAF) and cannon bone condylar fracture (CDY) of Thoroughbred racehorses in California.

Design – Case-control study.

Animals – Thoroughbred racehorses (n = 201) that died or were euthanatized at California racetracks between August 1992 and July 1994.

Procedure – Shoe characteristics were compared between case horses affected by FMI (155), SAF (79), and CDY (41) and control horses that died for reasons unrelated to the appendicular musculoskeletal system (non-FMI; 46). Multivariable logistic regression was used to estimate odds ratios for FMI, SAF, and CDY.

Results – Toe grabs were identified as possible risk factors for FMI, SAF, and CDY. The odds of FMI, SAF, and CDY were 1.8, 6.5, and 7.0, respectively, times greater for horses shod with low toe grabs than for horses shod without toe grabs on front shoes. Horses shod with regular toe grabs on front shoes had odds 3.5, 15.6, and 17.1 times greater ($P < 0.05$) for FMI, SAF, and CDY, respectively, compared with horses shod without toe grabs. *SS: Commonly quoted - achieved statistical significance.* The odds of horses shod with rim shoes were a third ($P < 0.05$) of those shod without rim shoes for either FMI or SAF. The apparent association between toe grab type and CDY may, in part, be attributable to concurrent SAF and CDY injuries in many horses.

Clinical Relevance – Avoiding the use of toe grabs should decrease the incidence of FMI, especially SAF, in Thoroughbred racehorses. The use of rim shoes that are more consistent with natural hoof shape may decrease injury risk. (*Am J Vet Res* 1996;67: 1147-1152)

Postmortem evaluation of homotypic variation in shoe characteristics of 201 Thoroughbred racehorses

Kane, AJ; Stover, SM; Gardner, IA; Case, JT; Johnson, BJ; O'Brien, MJ; Read, DH; Ardans, AA: UC, Davis, *AJVR*, Vol 57, No. 8, August 1996

Objectives – To develop a standard technique for evaluation of racehorse shoes, to assess homotypic variation (interlimb variation) in shoe characteristics, and to determine whether shoe characteristics varied with age and sex.

Design – Cross-sectional study.

Animals – Thoroughbred racehorses (n = 201) that died or were euthanatized at California racetracks between August 1992 and July 1994.

Procedure – Shoe characteristics were measured on horses examined after death. Percentage of agreement was used to compare shoe characteristics between limbs (homotypic variation). Using χ^2 analysis, shoe characteristics were compared between horses grouped by age and sex.

Results – Toe grabs were present on 90.5% of horses, and rim shoes were present on 15.9% of horses. Heel traction devices were less frequent on front (2.5%) than rear (6%) hooves. Pads were present on 24.9% of horses, with bonded rim pads most common. Special types of shoes were present on 5% of horses. Percentage of agreement between left and right front hooves and between left front and left rear hooves and between right front and right rear hooves was low (2/25 variables; % agreement 199). Presence of a pad was significantly ($P < 0.05$) associated with age, and several shoe variables (size, presence of a special shoe, overall wear matched) were significantly ($P < 0.05$) associated with sex.

Clinical Relevance – Except for variables related to special shoes, wear, and weight, 1 shoe for the respective fore- or hind limbs could be used as an indicator for the contralateral shoe worn by Thoroughbred racehorses without substantial loss of information. However, 1 shoe could not be used as an indicator for shoe characteristics of all 4 limbs. Some shoe characteristics are associated with age and sex, and these variables should be considered possible confounders in studies of shoe characteristics. (*Am J Vet Res* 1996;57:1141-1146)

CALIFORNIA HORSE RACING BOARD

JANUARY 23, 2007
REGULAR BOARD MEETING

There is no board package material for item 7

CALIFORNIA HORSE RACING BOARD

JANUARY 23, 2007
REGULAR BOARD MEETING

There is no board package material for item 8

CALIFORNIA HORSE RACING BOARD

JANUARY 23, 2007
REGULAR BOARD MEETING

There is no board package material for item 9

STAFF ANALYSIS
DISCUSSION AND ACTION ON THE
PROPOSED AMENDMENT OF
CHRB RULE 1843.2,
CLASSIFICATION OF DRUG SUBSTANCES
AND
THE PROPOSED ADDITION OF
CHRB RULE 1843.3
PENALTIES FOR MEDICATION VIOLATIONS

Regular Board Meeting
January 23, 2007

BACKGROUND

Business and Professions Code (B&P Code) Section 19440 specifies, in part, that the Board shall have all powers, including but not limited to adopting rules and regulations for the protection of the public and the control of horseracing and pari-mutuel wagering. B&P Code 19580 states in part that the Board shall adopt regulations to establish policies, guidelines and penalties relating to equine medication in order to preserve and enhance the integrity of horseracing in this State. Section 19581 of the B&P Code specifies that no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof. B&P Code Section 19582 provides that violations of Section 19581, as determined by the Board, are punishable in regulations adopted by the Board. It provides further that the Board may classify violations based upon each class of prohibited drug substances, prior violations within the previous three years and prior violations within the violator's lifetime. The Board may provide for suspensions of not more than 3 years, monetary penalties of not more than \$50,000 dollars, and disqualification from purses, except for a third violation during the lifetime of the licensee, for a drug substance determined to be class 1 or class 2, which shall result in the permanent revocation of the person's license. The punishment for second and subsequent violations of Section 19581 shall be greater than for first violations for violations of each class of prohibited drug substance.

At the July 2005 Medication committee meeting, the issue of establishing penalties for medication violations was discussed. It was suggested that the Racing Medication and Testing Consortium (RMTC) penalty guidelines be reviewed to determine how they could be incorporated into the CHRB rules. Subsequent to the July 2005 meeting the proposed Rule 1843.3 was developed and discussed at the November 2005 meeting of the Medication committee. At that meeting further revisions were made to include mitigating circumstances for which a lesser or no penalty is appropriate, and aggravating factors, which may increase the assessed penalty beyond the minimum. In addition, it was recommended that the RMTC penalty categories be reviewed by the Equine Medical Director (EMD) and the Director of the Maddy Equine Analytical Chemistry Laboratory at U.C. Davis, to ensure that the penalty categories are in line with California's recommendations. At the January 2006 meeting of the Committee a decision on the

proposed amendment and addition was deferred to allow interested parties to meet and provide input and or clarification to the proposal. In the meantime the Board's Equine Medical Director has revised the proposals.

The proposed addition of Rule 1843.3 was again discussed at the January 9, 2007 meeting of the Committee. At that meeting industry input and further revisions to the proposal was discussed. It was determined that the proposal be revised to include specified revisions and that the rule be placed on the agenda for further discussion at the January 23, 2007 meeting of the Committee.

ANALYSIS

The RMTC Board of Directors has developed uniform penalty guidelines for medication violations. These guidelines were presented to the Association of Racing Commissioners International (ARCI) and the National Association of Professional Racing Administrators (NAPRA) Joint Model Rules Committee for their consideration.

The proposed addition of Rule 1843.3, Penalties for Medication Violations, incorporates the RMTC recommendations with the exception of Category A second offense which is inconsistent with Board Rule 1495, Re-Hearing After Denial of License. The RMTC proposal provides for a maximum penalty of license revocation with no reapplication for a three-year period. Rule 1495 allows for reapplication for a license after one-year from the effective date of the decision to deny a license. In addition, Category A third offense provides for a five-year suspension that is inconsistent with B&P Code 19582 (b), which provides for a maximum three-year suspension. The three-year suspension coincides with the CHRB's term of license. The proposed rule reflects text that corresponds to California law and the Board's regulations.

Should the committee approve the proposal to add Rule 1843.3 to the Board's rules, it will be necessary to amend 1843.2, Classification of Drug Substances.

Presently Rule 1843.2, Classification of Drug Substances, categorizes drug substances into seven classifications. The RMTC penalty guideline recommendations rely on the five drug classifications established by the ARCI. The RMTC penalty guideline recommendation and the ARCI Uniform Classifications are the basis for the CHRB Penalty Categories Listing By Classification.

The proposal to amend 1843.2 will delete the seven drug classifications and reference the CHRB document. The CHRB drug classifications are based on the ARCI recommendations with modifications recommended by the EMD.

RECOMMENDATION

The Board may wish to hear from the Medication Committee.

CALIFORNIA HORSE RACING BOARD
TITLE 4, CALIFORNIA CODE OF REGULATIONS
ARTICLE 15, VETERINARY PRACTICES
PROPOSED ADDITION OF
RULE 1843.3
PENALTIES FOR MEDICATION VIOLATIONS

Regular Board Meeting

January 23, 2007

Strikeouts and double underlines represent suggested changes
at January 9, 2007 Medication Committee Meeting.

1843.3. Penalties for Medication Violations.

(a) In reaching a decision on a penalty for violation of Business and Profession Code section 19581, the Board, or the Board of Stewards, or the Hearing Officer shall consider the penalties set forth in subsections (e) and (f) of this rule: including aggravating and mitigating circumstances. Deviation from these penalties is appropriate where the Board in its sole discretion determines by adoption of a proposed decision or stipulation that the facts of the particular case warrant such a deviation, for example: there may be mitigating circumstances for which a lesser or no penalty is appropriate, and aggravating factors, which may increase the penalties beyond the minimum.

(b) Mitigating circumstances and aggravating factors, which must be considered, include but are not limited to:

- (1) The past record of the licensee in drug cases;
- (2) The potential of the drug(s) to influence a horse's racing performance;
- (3) The legal availability of the drug;
- (4) Whether there is reason to believe the responsible party knew of the administration of the drug or intentionally administered the drug;
- (5) The steps taken by the trainer to safeguard the horse;

(6) The steps taken by an owner to safeguard against subsequent violations including, but not limited to, the transfer of the horse(s) to an unaffiliated trainer;

(7) The probability of environmental contamination or inadvertent exposure due to human drug use or other factors;

(8) The purse of the race;

(9) Whether the drug found was one for which the horse was receiving a treatment as determined by a Confidential Veterinarian Report Form;

(10) Whether there was any suspicious wagering pattern on the race;

(11) Whether the licensed trainer was acting under the advice of a licensed veterinarian.

(11) Other factors brought to the attention of the hearing officers.

(c) For purposes of this regulation, the Board shall, upon determination that an official pre-or post-race test sample from a horse participating in any race contained any drug substance, medication, metabolites or analogues thereof foreign to the horse, whose use is not expressly authorized in this division, or any drug substance, medication or chemical authorized by this article in excess of the authorized level or other restrictions as set forth in this article, consider the classification of drug substances as referred to in Rule 1843.2 of this division and the California Horse Racing Board's (CHRB) Penalty Categories Listing by Classification, (1/07) hereby incorporated by reference.

(d) If a penalty is administered it shall be greater than the last penalty administered to the licensee for a violation concerning the same class of drug substance-pursuant to Business and Professions Code 195829(a) (4).

(e) Penalties for violation of each classification level are as follows:

CATEGORY "A" PENALTIES

Penalties for violations due to the presence of a drug substance in an official pre- or post-race sample, which CHRB drug classification is categorized as warranting a Category A penalty are as follows:

1 st offense	2 nd LIFETIME offense	3 rd LIFETIME offense
<ul style="list-style-type: none"> ◦ <u>Minimum one - year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a three-year suspension.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$10,000 or 10% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$25,000 or 25% of purse (greater of the two).</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>May be referred to the Board for any further action deemed necessary by the Board.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum three-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of license revocation with no reapplication for a three-year period.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$25,000 or 25% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$50,000 or 50% of purse (greater of the two).</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>May be referred to the Board for any further action deemed necessary by the Board.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum three -year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of permanent license revocation.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$50,000 \$10,000 or 50% of gross purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$100,000 \$50,000 or 100% of purse (greater of the two).</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>May be referred to the Board for any further action deemed necessary by the Board.</u>
1 st offense	2 nd LIFETIME offense in owner's stable	3 rd LIFETIME offense in owner's stable
<ul style="list-style-type: none"> ◦ <u>Disqualification of horse and loss of purse.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse may be placed on the veterinarian's list for up to 90 days and must pass a Board - approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u> 	<ul style="list-style-type: none"> ◦ <u>Disqualification of horse and loss of purse.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse shall be placed on the veterinarian's list for up to 120 days and must pass a Board -approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u> 	<ul style="list-style-type: none"> ◦ <u>Disqualification of horse, loss of purse and \$50,000 fine.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse shall be placed on the veterinarian's list for up to 180 days and must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Referral to the Board with a recommendation of a suspension of owners license for a minimum of 90 days.</u>

CATEGORY "B" PENALTIES

Penalties for violations due to the presence of a drug substance in an official pre- or post-race sample, which CHRB drug classification is categorized as warranting a Category B penalty are as follows:

1 st offense	2 nd offense (365-day period)	3 rd offense (365-day period)
<ul style="list-style-type: none"> ◦ <u>Minimum 15 30 -day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 60-day suspension.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$5000 \$10,000.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum 30 60-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 180-day suspension.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$1,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$10,000 \$20,000.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum 60 90-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a one-year suspension.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Minimum fine of \$2,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum fine of \$15,000 \$50,000 or 10% of purse (greater of the two).</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>May be referred to the Board for any further action deemed necessary by the Board.</u>
1 st offense	2 nd offense in stable (365-day period)	3 rd offense in stable (365-day period)
<ul style="list-style-type: none"> ◦ <u>Disqualification of horse and loss of purse in the absence of mitigating circumstances.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u> 	<ul style="list-style-type: none"> ◦ <u>Disqualification of horse and loss of purse in the absence of mitigating circumstances.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u> 	<ul style="list-style-type: none"> ◦ <u>Disqualification of horse, loss of purse and \$5,000 fine in the absence of mitigating circumstances.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Horse shall be placed on the veterinarian's list for up to 45 days and must pass a Board-approved examination pursuant to Rule 1846 before becoming eligible to be entered.</u> <p style="text-align: center;"><u>AND</u></p> <ul style="list-style-type: none"> ◦ <u>Be subject to drug testing at the owner's expense and be negative for prohibited drug substances as defined in Rule 1843.1.</u>

CATEGORY "B" PENALTIES FOR RULE 1843.6 TOTAL CARBON DIOXIDE (TCO₂) TESTING

Penalties for violations due to exceeding permitted levels of TCO₂ as defined in Rule 1843.6 are as set forth below. All concentrations are for measurements in serum or plasma.

LICENSED TRAINER:		
1st offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> Up to a <u>15-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>60-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$1500</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$5,000</u>. 	2nd offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> <u>Minimum 15-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>60-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$2,500</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$10,000</u>. 	3rd offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> <u>Minimum 30-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>180-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$5000</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$15,000</u>.
LICENSED OWNER:		
1st offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse and loss of purse</u>. 	2nd offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse and loss of purse</u>. 	3rd offense Total CO₂ (≥ 37.0mm/l/-<39mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse, loss of purse and \$2,500 fine</u> in the absence of <u>mitigating circumstances</u>.
LICENSED TRAINER:		
1st offense Total CO₂ (≥ 39.0mm/l) <ul style="list-style-type: none"> <u>Minimum 15-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>60-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$2,500</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$10,000</u>. 	2nd offense Total CO₂ (≥ 39.0mm/l) <ul style="list-style-type: none"> <u>Minimum 30-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>180-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$5,000</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$15,000</u>. 	3rd offense Total CO₂ (≥ 39.0mm/l) <ul style="list-style-type: none"> <u>Minimum 60-day suspension</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a maximum of a <u>365-day suspension</u>. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> <u>Minimum fine of \$10,000</u> absent <u>mitigating circumstances</u>. The presence of <u>aggravating factors</u> could be used to impose a <u>maximum fine of \$25,000</u>.
LICENSED OWNER:		
1st offense Total CO₂ (≥ 39.0mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse and loss of purse</u>. 	2nd offense Total CO₂ (≥ 39.0mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse and loss of purse</u>. 	3rd offense Total CO₂ (≥ 37.0mm/l) <ul style="list-style-type: none"> <u>Disqualification of horse, loss of purse and a fine ranging from a minimum of \$5,000 fine, up to a maximum of \$20,000, in the absence of mitigating circumstances</u>.

CATEGORY "C" PENALTIES

Penalties for violations due to the presence of a drug substance in an official pre-or post race sample, which CHRB drug classification is categorized as warranting a Category C penalty and for the presence of more than one non-steroidal anti-inflammatory (NSAID) in a plasma/serum sample, as defined in Rule 1844, and furosemide as defined in Rule 1845 in an official pre- or post-race samples are as set forth below. All concentrations are for measurements in serum or plasma.

1 st offense	2 nd offense (365-day period)	3 rd offense (365-day period)
<ul style="list-style-type: none"> ◦ <u>Minimum fine of \$500 to a maximum fine of \$1,000 absent mitigating circumstances.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum fine of \$1,000 to a maximum fine of \$2,000 \$2,500, and up to 15-day suspension absent mitigating circumstances.</u> 	<ul style="list-style-type: none"> ◦ <u>Minimum fine of \$2,500 and up to 30-day suspension absent mitigating circumstances</u>

CATEGORY "C" PENALTIES FOR RULE 1844, AUTHORIZED MEDICATION (C) (1), (2), (3)

Penalties for violations due to overages for permitted non-steroidal anti-inflammatory drug substances (NSAIDs) as defined in Rule 1844 (c) (1), (2), (3). All concentrations are for measurements in serum or plasma.

The Official Veterinarian shall consult with the treating veterinarian in all violations of 1844 (c). After consultation with and permission of the Official Veterinarian the trainer may elect to pay the minimum fine in lieu of a Steward's hearing. If the trainer has not had an 1844 (c) violation within the previous three years, the Official Veterinarian or the Board of Stewards may issue a warning in lieu of a fine for violations of 1844 (c) (1), phenylbutazone, provided the reported level is below 7.5mcg/ml.

LICENSED TRAINER	Phenylbutazone (5.1-<10.0mcg/ml) Flunixin (50-100 ng/ml) Ketoprofen (11-49 ng/ml)	Phenylbutazone (5.1-<10.0mcg/ml) Flunixin (50-100 ng/ml) Ketoprofen (11-49 ng/ml)
1st offense	2nd offense (365-day period)	3rd offense (365-day period)
◦ <u>Minimum fine of \$500 to a maximum fine of \$1,000</u>	◦ <u>Minimum fine of \$1,000 to a maximum fine of \$2,500</u>	◦ <u>Minimum fine of \$2,500 to a maximum fine of \$5,000. The Official Veterinarian may withdraw permission for the trainer to use any NSAID for a period of up to 30 days.</u>
LICENSED OWNER	Phenylbutazone (5.1-<10.0mcg/ml) Flunixin (50-100 ng/ml) Ketoprofen (11-49 ng/ml)	Phenylbutazone (5.1-<10.0mcg/ml) Flunixin (50-100 ng/ml) Ketoprofen (11-49 ng/ml)
1st offense	2nd offense (365-day period)	3rd offense (365-day period)
No penalty administered.	No penalty administered.	No penalty administered.
LICENSED TRAINER	Phenylbutazone (≥ 10.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)	Phenylbutazone (≥ 10.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)
1st offense	2nd offense (365-day period)	3rd offense (365-day period)
◦ <u>Minimum fine of \$1,000 to a maximum fine of \$2,500.</u>	◦ <u>Minimum fine of \$2,500 to a maximum fine of \$5,000. The Official Veterinarian may withdraw permission for the trainer to use any NSAID for a period of up to 30 days.</u>	◦ <u>Minimum fine of \$5,000 to a maximum fine of \$10,000. The Official Veterinarian may withdraw permission for the trainer to use any NSAID for a period of up to 60 days.</u>
LICENSED OWNER	Phenylbutazone (≥ 10.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)	Phenylbutazone (≥ 10.0 mcg/ml) Flunixin (≥ 100 ng/ml) Ketoprofen (≥ 50 ng/ml)
1st offense	2nd offense (365-day period)	3rd offense (365-day period)
◦ <u>Horse must pass Board-approved examination pursuant to Rule 1846 before being eligible to run.</u>	◦ <u>Loss of purse. If same horse, placed on veterinarian's list for up to 45-days, must pass Board-approved examination pursuant to Rule 1846 before being eligible to run. The official Veterinarian shall withdraw permission for the trainer to use any NSAID for a period of up to 60 days.</u>	◦ <u>Loss of purse. Minimum \$5,000 fine. If same horse, placed on veterinarian's list for 60 days, must pass Board-approved examination pursuant to Rule 1846 before being eligible to run. The Official Veterinarian may withdraw permission for the trainer to use any NSAID for a period of up to 120 days.</u>

(f) Penalties for violations due to the presence of a drug substance in an official pre- or post-race sample, which CHRB drug classification is categorized as warranting a Category D penalty, may result in a written warning to the licensed trainer and owner.

(g) Any drug or metabolite thereof found to be present in an official pre- or post-race sample that is not classified in Rule 1843.2 of this division shall be classified as a Class 1 substance and a Category "A" penalty until classified by the Board.

(h) The administration of a drug substance to a race horse must be documented by the treating veterinarian through the filing of a Confidential Veterinarian Report form as described in Rule 1842 of this division.

(i) Any licensed veterinarian, owner or other licensee found to be responsible for the administration of any drug resulting in a positive test may be subject to the same penalties set forth for the licensed trainer and his presence may be required at any and all hearings relative to the case. For purposes of this regulation owner means the individual owner (s) or entity that owns the horse from which the official pre-or post race test sample was taken. Any penalty for a violation will be imposed upon the entity owning the horse.

- (1) Any veterinarian found to be involved in the administration of any drug in Penalty Category "A" shall be referred to the California Veterinary Medical Board for consideration of further disciplinary action: and not be allowed to practice at any California racetrack, indefinitely.
- (2) Any veterinarian found to be involved in the administration of any drug in Penalty Category "B" or "C" may be referred to the California Veterinary Medical Board for consideration of further disciplinary action upon the recommendation of the Equine Medical Director or hearing officers.

(j) Any licensee found to be in violation of state criminal statutes may be referred to the appropriate law enforcement agency.

(k) A licensed trainer who is suspended because of a medication violation is not able to benefit financially during the period for which the individual has been suspended. This includes, but is not limited to, ensuring that horses are not transferred to licensed family members.

(l) For the purposes of this section, licensed trainers suspended 60 days or more shall be banned from all inclosures under the jurisdiction of the CHRB. In addition, the suspended trainer shall forfeit all stall space assigned them and shall remove from the inclosures all advertisements, training-related equipment, tack, office equipment, and any other property.

Authority: Sections 19461, 19580, 19581 & 19582,
 Business and Professions Code.

Reference: Sections 19461, 19580, 19581 & 19582,
 Business and Professions Code.

Section 11425.50,
Government Code.

California Horse Racing Board (CHRB)

Penalty Categories

Listing By Classification

Class 1: Stimulant and depressant drugs that have the highest potential to affect performance and that have no generally accepted medical use in the racing horse. Many of these agents are Drug Enforcement Agency (DEA) schedule II substances. These include the following drugs and their metabolites: Opiates, opium derivatives, synthetic opioids and psychoactive drugs, amphetamines and amphetamine-like drugs as well as related drugs, including but not limited to apomorphine, nikethamide, mazindol, pemoline, and pentylenetetrazol.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Alfentanil	Alfenta	1	A	Metaraminol	Aramine	1	A
Amphetamine		1	A	Methadone	Dolophine	1	A
Anileridine	Leritine	1	A	Methamphetamine	Desoxyn	1	A
Apomorphine		1	A	Methaqualone	Quaalude	1	A
Benzylpiperazine (BZP)		1	A	Methylphenidate	Ritalin	1	A
Carfentanil		1	A	Metopon (methyldihydromorphinone)		1	A
Cocaine		1	B	Morphine		1	B
Dextromoramide	Palfium, Narcolo	1	A	Nikethamide	Coramine	1	A
Diamorphine		1	A	Oxycodone	Percodan	1	A
Endorphins		1	A	Oxymorphone	Numorphan	1	A
Enkephalins		1	A	Pemoline	Cylert	1	A
Ethylmorphine	Dionin	1	A	Pentylenetetrazol	Metrazol, Nioric	1	A
Etorphine HCl	M99	1	A	Phenazocine	Narphen	1	A
Fentanyl	Sublimaze	1	A	Phencyclidine (PCP)	Sernylan	1	A
Hydromorphone	Dilaudid	1	A	Phendimetrazine	Bontril, etc.	1	A
Hydroxyamphetamine	Paradrine	1	A	Phenmetrazine	Preludin	1	A
Levorphanol	Levo-Dremoran	1	A	Picrotoxin		1	A
Lofentanil		1	A	Piritramide		1	A
Mazindol	Sanorex	1	A	Remifentanil	Ultiva	1	A
Meperidine	Demerol	1	A	Strychnine		1	B
Mephentermine		1	A	Sufentanil	Sufenta	1	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Acecarbromal		2	A	Benzazepam	Tiadipona	2	A
Acetophenazine	Tindal	2	A	Benzactizine	Deprol, Bronchodiletten	2	A
Adinazolam		2	A	Benzoctamine		2	A
Alcuronium	Alloferin	2	A				
Alphaprodine	Nisentil	2	A	Benzphetamine	Didrex	2	A
Alpidem	Anaxyl	2	A	Benztropine	Cogentin	2	A
Alprazolam	Xanax	2	A	Biriperone		2	A
Althesin	Saffan	2	A	Bromazepam	Lexotan, Lectopam	2	A
Amisulpride	Solian	2	A	Bromisovalum	Diffucord, etc.	2	A
Amitriptyline	Elavil, Amitril, Endep	2	A	Bromocriptine	Parlodel	2	A
Amobarbital	Amytal	2	A	Bromperidol	Bromidol	2	A
Amoxapine	Asendin	2	A	Brotizolam	Brotocol	2	A
Amperozide		2	A	Bupivacaine	Marcaine	2	A
Anilopam	Anisine	2	A	Buprenorphine	Temgesic	2	A
Aprobarbital	Alurate	2	A	Buspirone	Buspar	2	A
Azacylonol	Frenque	2	A	Buspropion	Wellbutrin	2	A
Azaperone	Stresnil, Suicalm, Fentaz (with Fentanyl)	2	A	Butabarbital (Secbutobarbitone)	Butacaps, Butasol, etc.	2	A
Barbital	Veronal	2	A	Butalbital (Talbutal)	Fiorinal	2	A
				Butanilcaine	Hostacain	2	A
Bemegride	Megimide, Mikedimide	2	A	Butaperazine	Repoise	2	A
Benperidol		2	A	Butoctamide	Listomin	2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Caffeine		2	B	Clocapramine		2	A
Camazepam	Paxor	2	A	Clomethiazole		2	A
Captodiamine	Covatine	2	A	Clomipramine	Anafranil	2	A
Carbidopa + levodopa	Sinemet	2	A	Clonazepam	Klonopin	2	A
Carbromol	Mifudorm	2	A	Clorazepate	Tranxene	2	A
Carphenazine	Proketazine	2	A	Clothiapine	Entermin	2	A
Carpipramine	Prazinil	2	A	Clotiazepam	Trecalmo, Rize	2	A
Chloralose (Alpha-Chloralose)		2	A	Cloxacolam	Enadel, Sepazon, Tolestan	2	A
Chloral betaine	Beta-Chlor	2	A	Clozapine	Clozaril, Leponex	2	A
Chloral hydrate	Nactec, Oridrate, etc.	2	A	Codeine		2	A B
Chloraldehyde (chloral)		2	A	Conorphone		2	A
Chlordiazepoxide	Librium	2	A	Corticaine	Ultracain	2	A
Chlormezanone	Trancopal	2	A	Crotetamide		2	A
Chloroform		2	A	Cyamemazine	Tercian	2	A
Chlorhexidol		2	A	Cyclobarbitol	Phanodorm	2	A
Chloroprocaine	Nesacaine	2	A	Decamethonium	Syncurine	2	A
Chlorproethazine	Newipleg	2	A	Demoxepam		2	A
Chlorpromazine	Thorazine, Largactil	2	A	Desipramine	Norpromine, Pertofrane	2	A
Chlorprothixene	Taractan	2	A	Dezocine	Dalgan®	2	A
Citalopram	Celex	2	A	Diazepam	Valium	2	B
Clobazam	Urbanyl	2	A	Dichloralphenazone	Febenol, Isocom	2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Diethylpropion	Tepanil, etc.	2	A	Etidocaine	Duranest	2	A
Diethylthiambutene	Themalon	2	A	Etifoxin	Stresam	2	A
Dihydrocodeine	Parcodin	2	A	Etizolam	Depas, Pasaden	2	A
Dilorazepam	Briantum	2	A	Etodroxizine	Indunox	2	A
Diprenorphine	M50/50	2	A	Etomidate		2	A
Dixyrazine	Esucos	2	A	Fenarbamate	Tymium	2	A
Dopamine	Intropin	2	A	Fenfluramine	Pondimin	2	A
Doxapram	Dopram	2	A	Fluanisone	Sedalande	2	A
Doxefazepam	Doxans	2	A	Fludiazepam	Erispam	2	A
Doxepin	Adapin, Sinequan	2	A	Flunitrazepam	Rohypnol, Narcozep, Darkene, Hypnodorm	2	A
Droperidol	Inapsine, Droleptan, Innovar-Vet (with Fentanyl)	2	A	Fluopromazine	Psyquil, Siquil	2	A
Enciprazine		2	A	Fluoresone	Caducid	2	A
Ephedrine		2	A	Fluoxetine	Prozac	2	A
Epinephrine		2	A	Flupenthixol	Depixol, Fluanxol	2	A
Erythropoietin (EPO)	Epogen, Procrit, etc.	2	A	Fluphenazine	Prolixin, Permitil, Anatenzol	2	A B
Estazolam	Domnamid, Eurodin, Nuctalon	2	A	Flurazepam	Dalmane	2	A
Ethamivan		2	A	Fluspirilene	Imap, Redeptin	2	A
Ethchlorvynol	Placidyl	2	A	Flutoprazepam	Restas	2	A
Ethinamate	Valmid	2	A	Fluvoxamine	Dumirox, Faverin, etc.	2	A
Ethopropazine	Parsidol	2	A	Gallamine	Flaxedil	2	A
Ethylisobutrazine	Diquel	2	A	Gepirone		2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Glutethimide	Doriden	2	A	Lithium	Lithizine, Duralith, etc.	2	A
Halazepam	Paxipam	2	A	Lobeline		2	A
Haloperidol	Haldol	2	A	Loflazepate, Ethyl	Victan	2	A
Haloxazolam	Somelin	2	A	Loprazolam	Dormonort, Havlane	2	A
Hemoglobin glutamers	Oxyglobin, Hemopure	2	A	Lorazepam	Ativan	2	A
Hexafluorenium	Myalexen	2	A	Lormetazepam	Noctamid	2	A
Hexobarbital	Evipal	2	A	Loxapine	Laxitane	2	A
Homophenazine	Pelvichthol	2	A	Maprotiline	Ludiomil	2	A
Hydrocodone (dihydrocodeinone)	Hycodan	2	A	Mebutamate	Axiten, Dormate, Capla	2	A
Hydroxyzine	Atarax	2	B	Meclofenoxate	Lucidril, etc.	2	A
Ibomal	Noctal	2	A	Medazepam	Nobrium, etc.	2	A
Imipramine	Imavate, Presamine, Tofranil	2	A	Melperone	Eunerpan	2	A
Isapirone		2	A	Meparfynol	Oblivon	2	A
Isocarboxazid	Marplan	2	A	Mepazine	Pacatal	2	A
Isomethadone		2	A	Mephenoxalone	Control, etc.	2	A
Isoproterenol	Isoprel	2	A	Mephenytoin	Mesantoin	2	A
Ketamine	Ketalar, Ketaset, Vetalar	2	B	Mephobarbital (Methylphenobarbital)	Mebaral	2	A
Ketazolam	Anxon, Laffram, Solatran, Loftran	2	A	Mepivacaine	Carbocaine	2	B
Lenperone	Elanone-V	2	A	Meproamate	Equanil, Miltown	2	A-B
Levomethorphan		2	A	Mesoridazine	Serentil	2	A
Lidocaine	Xylocaine	2	B	Metaclozepam	Talis	2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Metazocine		2	A	Nortriptyline	Aventyl, Pamelor	2	A
Metharbital	Gemonil	2	A	Olanzapine	Zyprexa	2	A
Methohexital	Brevital	2	A	Oxazepam	Serax	2	A
Methotrimeprazine	Levoprome, Neurocil, etc.	2	A	Oxazolam	Serenal	2	A
Methypylon	Noludar	2	A	Oxyperitine	Forit, Integrin	2	A
Metocurine	Metubine	2	A	Pancuronium	Pavulon	2	A
Metomidate	Hypnodil	2	A	Paraldehyde	Paral	2	A
Mexazolam	Melex	2	A	Paroxetine	Paxil, Seroxat	2	A
Midazolam	Versed	2	A	Penfluridol	Cyperon	2	A
Mirtazepine	Remeron	2	A	Pentobarbital	Nembutal	2	A
Modafinil	Provigil	2	A	Perazine	Taxilan	2	A
Molindone	Moban	2	A	Periciazine	Alodept, etc.	2	A
Moperone	Luvatren	2	A	Perlazine	Hypnodin	2	A
Mosaprimine		2	A	Perphenazine	Trilafon	2	A
Nalbuphine	Nubain	2	A	Phenaglycodol	Acalo, Alcamid, etc.	2	A
Nalorphine	Nalline, Lethidrone	2	A	Phenelzine	Nardelzine, Nardil	2	A
Nefazodone	Serzone	2	A	Phenobarbital	Luminal	2	A
Nimetazepam	Erimin	2	A	Phentermine	Iomamin	2	A
Nitrazepam	Mogadon	2	A	Piminodine	Alvodine, Cimadon	2	A
Nordiazepam	Calmday, Nordaz, etc.	2	A	Pimozide	Orap	2	A
Norepinephrine		2	A	Pinazepam	Domar	2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Pipamperone	Dipiperon	2	A	Quetiapine	Seroquel	2	A
Pipequaline		2	A	Racemethorphan		2	A
Piperacetazine	Psymod, Quide	2	A	Racemorphan		2	A
Piprocaine	Metycaine	2	A	Raclopride		2	A
Pipotiazine	Lonseren, Piportil	2	A	Remoxipride	Roxiam	2	A
Pipradrol	Dataril, Gerondyl, etc.	2	A	Reserpine	Serpasil	2	A B
Piquindone		2	A	Rilmazafone		2	A
Prazepam	Verstran, Centrax	2	A	Risperidone		2	A
Prilocaine	Citanest	2	A	Ritanserlin		2	A
Prochlorperazine	Darbazine, Compazine	2	A	Rivastigmine	Exelon	2	A
Propanidid		2	A	Romifidine	Sedivet	2	B
Propiomazine	Largon	2	A	Ropivacaine	Naropin	2	A
Propionylpromazine	Tranvet	2	A B	Secobarbital (Quinalbarbitone)	Seconal	2	A
Propiram		2	A	Selegiline	Eldepryl, Jumex	2	A
Propofol	Diprivan, Disoprivan	2	A	Sertraline	Lustral, Zoloft	2	A
Propoxycaine	Ravocaine	2	A	Snake Venoms		2	A
Prothipendyl	Dominal	2	A	Spiclomazine		2	A
Protriptyline	Concordin, Triptil	2	A	Spiperone		2	A
Proxibarbital	Axeen, Centralgol	2	A	Succinylcholine	Sucostrin, Quelin, etc.	2	A
Pyrrithyldione	Hybersulfan, Sonodor	2	A	Sulfondiethylmethane		2	A
Quazipam	Doral	2	A	Sulfonmethane		2	A

Listing by Classification

Class 2: Drugs that have a high potential to affect performance, but less of a potential than Class 1. These drugs are 1) not generally accepted as therapeutic agents in racing horses, or 2) they are therapeutic agents that have a high potential for abuse.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Sulforidazine	Inofal	2	A	Tribromethanol		2	A
Sulpiride	Aiglonyl, Sulpitil	2	A	Tricaine methanesulfonate	Finquel	2	A
Sultopride	Barnetil	2	A	Trichloroethanol		2	A
Talbutal	Lotusate	2	A	Trichloroethylene	Trilene, Trimar	2	A
Tandospirone		2	A	Triclofos	Triclos	2	A
Temazepam	Restoril	2	A	Trifluomeprazine	Nortran	2	A
Tetrabenazine	Nitoman	2	A	Trifluoperazine	Stelazine	2	A
Tetracaine	Pontocaine	2	A B	Trifluoperidol	Triperidol	2	A
Tetrazepam	Musaril, Myolastin	2	A	Trifluopromazine	Vetame, Vesprin	2	A
Thebaine		2	A	Trimipramine	Surmontil	2	A
Thialbarbital	Kemithal	2	A	Tubocurarine (Curare)	Metubin	2	A
Thiamylal	Surital	2	A	Tybamate	Benvil, Nospan, etc.	2	A
Thiethylperazine	Torecan	2	A	Urethane		2	A
Thiopental	Pentothal	2	A	Valnoctamide	Nirvanyl	2	A
Thiopropazate	Dartal	2	A	Venlafaxine	Efflexor	2	A
Thiopropazine	Majeptil	2	A	Veralipride	Accional, Veralipril	2	A
Thioridazine	Mellaril	2	A	Vercuronium	Norcuron	2	A
Thiothixene	Navane	2	A	Viloxazine	Catatrol, Vivalan, etc.	2	A
Tiapride	Italprid, Luxoben, etc.	2	A	Vinbarbital	Delvinol	2	A
Tiletamine	Component of Telazol	2	A	Vinylbital	Optanox, Speda	2	A
Timiperone	Tolopelon	2	A	Yohimbine		2	A
Tofisopam	Grandaxain, Seriel	2	A	Zolazepam		2	A
Topirimate	Topamax	2	A	Zolpidem	Ambien, Stilnox	2	A
Tramadol	Ultram	2	A	Zopiclone	Imovan	2	A
Tranylcypromine	Parnate	2	A	Zotepine	Lodopin	2	A
Trazodone	Desyrel	2	A	Zuclopenthixol	Ciatyl, Cesordinol	2	A
Triazolam	Halcion	2	A				

Listing by Classification

Class 3: Drugs that may or may not have generally accepted medical use in the racing horse, but the pharmacology of which suggests less potential to affect performance than drugs in Class 2.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Acebutolol	Sectral	3	B	Butorphanol	Stadol, Torbugesic	3	B
Acepromazine	Atrovet, Notensil, PromAce®	3	B	Candesartan	Atacand	3	B
Albuterol (Salbutamol)	Proventil, Ventolin	3	B	Captopril	Capoten	3	B
Alprenolol		3	A	Carazolol	Carbacel, Conducton	3	A
Ambenonium	Mytelase, Myeuran	3	B	Carbachol	Lentin, Doryl	3	B
Aminophylline	Aminophyllin, etc.	3	B	Carbamezapine	Tegretol	3	B
Amlodipine	Norvasc	3	A	Carbinoxamine	Clistin	3	B
Amyl nitrite		3	A	Carteolol	Cartrol	3	B
Arecoline		3	A	Carvedilol	Coreg	3	B
Atenolol	Tenormin	3	B	Cimeterol		3	A
Atropine		3	B	Clenbuterol	Ventipulmin	3	B
Betaxolol	Kerlone	3	B	Clonidine	Catapres	3	B
Bethanidine	Esbatal	3	A	Cyclandelate	Cyclospasmol	3	A
Biperiden	Akineton	3	A	Cycrimine	Pagitane	3	B
Bisoprolol	Zebeta, Bisobloc, etc.	3	B	Detomidine	Dormosedan	3	B
Bitolterol	Effectin	3	<u>A B</u>	Dextropropoxyphene	Darvon	3	B
Bretylum	Bretylol	3	B	Diazoxide	Proglycem	3	B
Brimonidine	Alphagan	3	B	Dimeflin		3	A
Bromfenac	Duract	3	A	Diphenhydramine	Benadryl	3	B
Bromodiphenhydramine		3	B	Dipyridamole	Persantine	3	B
Bumetanide	Bumex	3	B	Dobutamine	Dobutrex	3	B

Listing by Classification

Class 3: Drugs that may or may not have generally accepted medical use in the racing horse, but the pharmacology of which suggests less potential to affect performance than drugs in Class 2.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Doxylamine	Decapryn	3	B	Hydralazine	Apresoline	3	B
Dyphylline		3	B	Ipratropium		3	B
Edrophonium	Tensilon	3	B	Irbesarten	Avapro	3	A
Enalapril (metabolite enalaprilat)	Vasotec	3	B	Isoetharine	Bronkosol	3	B
Erthrityl tetranitrate	Cardilate	3	A	Isosorbide dinitrate	Isordil	3	B
Esmolol	Brevibloc	3	B	Ketorolac	Toradol	3	A B
Etamiphylline		3	B	Labetalol	Normodyne	3	B
Ethacrynic acid	Edecrin	3	B	Losartan	Hyzaar	3	B
Ethylnorepinephrine	Bronkephrine	3	A	Mabuterol		3	A
Fenoldopam	Corlopam	3	B	Mecamylamine	Inversine	3	B
Fenoterol	Berotec	3	B	Medetomidine	Domitor	3	B
Fenspiride	Respiride, Respan, etc	3	B	Metaproterenol	Alupent, Metaprel	3	B
Flupirtine	Katadolone	3	A	Methacholine		3	A
Formoterol	Altram	3	B	Methixene	Trest	3	A
Gabapentin	Neurontin	3	A B	Methoxamine	Vasoxyl	3	A
Glycopyrrolate	Robinul	3	B	Methoxyphenamine	Orthoxide	3	A
Guanadrel	Hylorrel	3	A	Methylatropine		3	B
Guanethidine	Ismelin	3	A	Methyldopa	Aldomet	3	A
Guanabenz	Wytensin	3	B	Metolazone		3	B
Heptaminol	Corofundol	3	B	Metoprolol	Lopressor	3	B
Homatropine	Homapin	3	B	Mibefradil	Posicor	3	B

Listing by Classification

Class 3: Drugs that may or may not have generally accepted medical use in the racing horse, but the pharmacology of which suggests less potential to affect performance than drugs in Class 2.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Midodrine	Pro-Amiline	3	B	Pindolol	Viskin	3	B
Minoxidil	Loniten	3	B	Pirbuterol	Maxair	3	B
Moexipril (metabolite moexiprilat)	Uniretic	3	B	Piretanide	Arelix, Tauliz	3	B
Muscarine		3	A	Prazosin	Minipress	3	B
Nadolol	Corgard	3	B	Primidone	Mysoline	3	B
Naratriptan	Amerge	3	B	Procaine		3	B
Nefopam		3	A	Procaterol	Pro Air	3	A
Neostigmine	Prostigmine	3	B	Procyclidine	Kemadrin	3	B
Nitroglycerin		3	B	Promazine	Sparine	3	B
Oxprenolol	Trasicor	3	B	Promethazine	Phenergan	3	B
Papaverine	Pavagen, etc.	3	A	Propentophylline	Karsivan	3	B
Paramethadione	Paradione	3	A	Propranolol	Inderal	3	B
Pargyline	Eutonyl	3	A	Protokylol	Ventaire	3	A
Penbutolol	Levitol	3	B	Pseudoephedrine	Cenafed, Novafed	3	B
Pentaerythritol tetranitrate	Duotrate	3	A	Pyridostigmine	Mestinon, Regonol	3	B
Pentazocine	Talwin	3	B	Pyrilamine	Neoantergan, Equihist	3	B
Phenoxybenzamine	Dibenzylamine	3	B	Ractopamine	Raylean	3	B
Phentolamine	Regitine	3	B	Ritodrine	Yutopar	3	B
Phenylephrine	Isophrin, Neo-Synephrine	3	B	Rizatriptan	Maxalt	3	B
Phenylpropanolamine	Propadrine	3	B	Salmeterol		3	B
Physostigmine	Eserine	3	A	Scopolamine (Hyoscine)	Triptone	3	B

Listing by Classification

Class 3: Drugs that may or may not have generally accepted medical use in the racing horse, but the pharmacology of which suggests less potential to affect performance than drugs in Class 2.

Drug	Trade Name	RCI Class	Penalty Class
Sibutramine	Meridia	3	B
Sotalol	Betapace, Sotacor	3	B
Sumatriptan	Imitrex	3	B
Telmisartin	Micardis	3	B
Terbutaline	Brethine, Bricanyl	3	B
Testolactone	Teslac	3	B
Theophylline	Aqualphyllin, etc.	3	B
Timolol	Blocadrin	3	B
Tolazoline	Priscoline	3	B
Torsemide (Torasemide)	Demadex	3	A <u>B</u>
Trandolapril (and metabolite, Trandolaprilat)	Tarka	3	B
Trihexylphenidyl	Artane	3	A
Trimethadione	Tridione	3	B
Trimethaphan	Arfonad	3	A
Tripelennamine	PBZ	3	B
Valsartan	Diovan	3	B
Xylazine	Rompun, Bay Va 1470	3	B
Zolmitriptan	Zomig	3	B
Zonisamide	Zonegran	3	B

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Acetaminophen (Paracetamol)	Tylenol, Tempra, etc.	4	C	Baclofen	Lioresal	4	B
Acetanilid		4	B	Beclomethasone	Propaderm	4	C
Acetazolamide	Diamox, Vetamox	4	B	Benazepril	Lotrel	4	B
Acetophenetidin (Phenacetin)		4	B	Bendroflumethiazide	Naturetin	4	B
Acetylsalicylic acid (Aspirin)		4	C	Benoxaprofen		4	B
Alclofenac		4	B	Benoxinate	Dorsacaine	4	C
Aclomethasone	Aclovate	4	C	Benzocaine		4	<u>B C</u>
Aldosterone	Aldocortin, Electro cortin	4	B	Benzthiazide		4	B
Ambroxol	Ambriol, etc.	4	B	Bepidil	Bepadin	4	B
Amcinonide	Cyclocort	4	C	Betamethasone	Betasone, etc.	4	C
Aminocaproic acid	Amicar, Caprocid	4	C	Bethanechol	Urecholine, Duvoid	4	C
Aminodarone		4	B	Boldenone	Equipoise	4	C
2-Aminoheptaine	Tuamine	4	B	Bromhexine	Oletor, etc.	4	<u>B C</u>
Aminopyrine		4	B	Brompheniramine	Dimetane, Disomer	4	B
Amisometradine	Rolictron	4	B	Budesonide	Pulmacort, Rhinocort	4	C
Amlopidine	Norvasc, Ammivin	4	B	Butacaine	Butyn	4	B
Amrinone		4	B	Butamben (butyl aminobenzoate)	Butesin	4	C
Anisotropine	Valpin	4	B	Butoxycaine	Stadacain	4	B
Antipyrine		4	B	Calusterone	Methosorb	4	C
Apazone (Azapropazone)	Rheumox	4	B	Camphor		4	C
Aprindine		4	B	Carisoprodol	Relo, Soma	4 2	B

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Celecoxib	Celebrex	4	B C	Cyproheptadine	Periactin	4	C
Chlormerodrin	Neohydrin	4	B	Danazol	Danocrine	4	C
Chlorophenesin	Maolate	4	C	Dantrolene	Dantrium	4	C
Chloroquine	Avloclor	4	C	Dembroxol (Dembrexine)	Sputolysin	4	C
Chlorothiazide	Diuril	4	B	Deoxycorticosterone	Percortin, DOCA, Descotone, Dorcostrin	4	C
Chlorpheniramine	Chlortriemton, etc.	4	B	Desonite	Des Owen	4	C
Chlorthalidone	Hydroton	4	B	Desoximetasone	Topicort	4	C
Chlorzoxazone	Paraflex	4	B	Dexamethasone	Azium, etc.	4	C
Cinchocaine	Nupercaine	4	C	Dextromethorphan		4	B C
Clibucaine	Batrax	4	C	Dibucaine	Nupercainal, Cinchocaine	4	C
Clidinium	Quarezan, Clindex, etc.	4	B	Dichlorophenamide	Daramide	4	C
Clobetasol	Temovate	4	C	Diclofenac	Voltaren, Voltarol	4	C
Clocortolone	Cloderm	4	C	Diflorasone	Florone, Maxiflor	4	C
Clofenamide		4	B	Diflucortolone	Flu-Cortinest, etc.	4	C
Clormecaine	Placacid	4	C	Diflunisal		4	B
Colchicine		4	B	Digitoxin	Crystodigin	4	B
Cortisone	Cortone, etc.	4	C	Digoxin	Lanoxin	4	B
Cyclizine	Merazine	4	B	Dihydroergotamine		4	B C
Cyclobenzaprine	Flexeril	4	B	Diltiazem	Cardizem	4	B
Cyclomethylcaine	Surfacaine	4	C	Dimethisoquin	Quotane	4	B
Cyclothiazide	Anhydron, Renazide	4	B	Diphenoxylate	Difenoxin, Lomotil	4	B

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Dipyrrone	Novin, Methampyrone	4	C	Floctafenine	Idalon, Idarac	4	B
Disopyramide	Norpace	4	B	Flucinolone	Synalar, etc.	4	C
Dromostanolone	Drolban	4	C	Fludrocortisone	Alforone, etc.	4	C
Dyclonine	Dyclone	4	C	Flufenamic acid		4	B C
Eltenac		4	C	Flumethasone	Flucort, etc.	4	C
Ergonovine	Ergotrate	4	C	Flumethiazide	Ademol	4	B
Ergotamine	Gynergen, Cafergot, etc.	4	B C	Flunarizine	Sibelium	4	B
Etanercept	Enbrel	4	B	Flunisolide	Bronilide, etc.	4	C
Ethoheptazine	Zactane	4	B	Flunixin	Banamine	4	C
Ethosuximide	Zarontin	4	B	Fluocinolone	Synalar	4	C
Ethotoin	Peganone	4	B	Fluocinonide	Licon, Lidex	4	C
Ethoxzolamide	Cardrase, Ethamide	4	C	Fluoroprednisolone	Predef-2X	4	C
Ethylaminobenzoate (Benzocaine)	Semets, etc.	4	C	Fluoxymesterone	Halotestin	4	C
Ethylestrenol	Maxibolin, Organon	4	C	Fluprednisolone	Alphadrol	4	C
Etodolac	Lodine	4	C	Flurandrenolide	Cordran	4	C
Felodipine	Plendil	4	B	Flurbiprofen	Froben	4	B
Fenbufen	Cincopal	4	B	Fluticasone	Flixonase, Flutide	4	C
Fenclozic acid	Myalex	4	B	Guaifenesin (glycerol guaiacolate)	Gecolate	4	C
Fenoprofen	Nalfon	4	B C	Halcinonide	Halog	4	C
Fexofenadine	Allegra	4	C	Halobetasol	Ultravate	4	C
Flecainide	Idalon	4	B	Hexocyclium	Tral	4	B

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Hexylcaine	Cyclaine	4	C	Meloxicam	Mobic	4	B C
Hydrochlorthiazide	Hydrodiuril	4	B C	Mepenzolate	Cantil	4	B
Hydrocortisone (Cortisol)	Cortef, etc.	4	C	Mephenesin	Tolserol	4	B
Hydroflumethiazide	Saluron	4	B	Meralluride	Mercuhydrin	4	B
Ibuprofen	Motrin, Advil, Nurpin, etc.	4	C	Merbaphen	Novasural	4	B
Indomethacin	Indocin	4	B C	Mercaptomerin	Thiomerin	4	B
Infliximab	Remicade	4	B	Mercumalilin	Cumertilin	4	B
Isoflupredone	Predef	4	C	Mersalyl	Salyrgan	4	B
Isometheptene	Octin, Octon	4	B	Metaxalone	Skelaxin	4	B
Isopropamide	Darbid	4	B	Methandriol	Probolis	4	C
Isoxicam	Maxicam	4	B	Methandrostenolone	Dianabol	4	C
Isoxsuprine	Vasodilan	4	C	Methantheline	Banthine	4	B
Isradipine	DynaCirc	4	B	Methapyrilene	Histadyl, etc.	4	B
Ketoprofen	Orudis	4	C	Methazolamide	Naptazane	4	C
Letosteine	Viscotiol, Visiotol	4	C	Methdilazine	Tacaryl	4	B
Loperamide	Imodium	4	B	Methocarbamol	Robaxin	4	B C
Loratidine	Claritin	4	B	Methotrexate	Folex, Nexate, etc.	4	B
Meclizine	Antivert, Bonine	4	B	Methscopolamine	Pamine	4	B
Meclofenamic acid	Arquel	4	C	Methsuximide	Celontin	4	B
Medrysone	Medriusar, etc.	4	C	Methylchlorthiazide	Enduron	4	B
Mefenamic acid	Ponstel	4	B C	Methandrostenolone	Dianabol	4	C

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Methylergonovine	Methergine	4	C	Nortestosterone		4	C
Methylprednisolone	Medrol	4	C	Orphenadrine	Norflex	4	B
Methyltestosterone	Metandren	4	C	Oxandrolone	Anavar	4	C
Methysergide	Sansert	4	B	Oxaprozin	Daypro, Deflam	4	C
Metiamide		4	B	Oxymetazoline	Afrin	4	B
Metoclopramide	Reglan	4	C	Oxymetholone	Adroyd, Anadrol	4	C
Mexilitine	Mexilil	4	B	Oxyphenbutazone	Tandearil	4	C
Milrinone		4	B	Oxyphencyclimine	Daricon	4	B
Mometasone	Elocon	4	C	Oxyphenonium	Antrenyl	4	B
Montelukast	Singulair	4	C	Paramethasone	Haldron	4	C
Nabumetone	Anthraxan, Relafen, Reliflex	4	B	Pentoxifylline	Trental, Vazofirin	4	C
Naepaine	Amylsine	4	C	Phenacemide	Phenurone	4	B
Nandrolone	Nandrolin, Laurabolin, Durabolin	4	C	Phensuximide	Milontin	4	B
Naphazoline	Privine	4	B	Phenytoin	Dilantin	4	B
Naproxen	Equiproxen, Naprosyn	4	C	Piroxicam	Feldene	4	B C
Nicardipine	Cardine	4	B	Polythiazide	Renese	4	B
Nifedipine	Procardia	4	B	Pramoxine	Tronothaine	4	C
Niflumic acid	Nifluril	4	B	Prednisolone	Delta-Cortef, etc.	4	C
Nimesulide		4	B	Prednisone	Meticorten, etc.	4	C
Nimodipine	Nemotop	4	B	Probenecid		4	C
Norethandrone		4	C	Procainamide	Pronestyl	4	B

Listing by Classification

Class 4: This class includes therapeutic medications that would be expected to have less potential to affect performance than those in Class 3.

Drug	Trade Name	RCI Class	Penalty Class	Drug	Trade Name	RCI Class	Penalty Class
Propafenone	Rythmol	4	B	Tocainide	Tonocard	4	B
Propantheline	Pro-Banthine	4	B	Tolmetin	Tolectin	4	B
Proparacaine	Ophthaine	4	C	Tranexamic acid		4	C
Propylhexedrine	Benzedrex	4	B	Trenbolone	Finoplix	4	C
Quinidine	Quinidex, Quinicardine	4	B	Triamcinolone	Vetalog, etc.	4	C
Rofecoxib	Vioxx	4	B-C	Triamterene	Dyrenium	4	B
Salicylamide		4	C	Trichlormethiazide	Naqua, Naquasone	4	C
Salicylate		4	C	Tolmetin	Tolectin	4	B
Spirolactone	Aldactone	4	B				
Stanozolol	Winstrol-V	4	C	Tridihexethyl	Pathilon	4	B
Sulfasalazine	Azulfidine, Azaline	4	C	Trimeprazine	Temaril	4	B
Sulindac	Clinoril	4	B	Tripolidine	Actidil	4	B
Tenoxicam	Alganex, etc.	4	B	Tuaminoheptane	Tuamine	4	C
Terfenadine	Seldane, Triludan	4	B	Vedaprofen		4	B-C
Testosterone		4	C	Verapamil	Calan, Isoptin	4	B
Tetrahydrozoline	Tyzine	4	B	Xylometazoline	Otrivin	4	B
Theobromine		4	B-C	Zafirlukast	Accolate	4	C
Thiosalicylate		4	C	Zeranol	Ralgro	4	C
Thiphenamil	Trocinate	4	B	Zileuton	Zyflo	4	C
Tiaprofenic acid	Surgam	4	B	Zomepirac	Zomax	4	B

Listing by Classification

Class 5: This class includes those therapeutic medications for which concentration limits have been established by the racing jurisdictions as well as certain miscellaneous agents such as DMSO and other medications as determined by the regulatory bodies.

Drug	Trade Name	RCI Class	Penalty Class
Anisindione		5	D
Cilostazol	Pletal	5	D
Cimetidine	Tagamet	5	D
Cromolyn	Intel	5	D
Dicumarol	Dicumarol	5	D
Dimethylsulfoxide (DMSO)	Domoso	5	D
Dimethylsulphone (MSM)		5	D
Diphenadione		5	D
Famotidine	Gaster, etc.	5	D
Lansoprazole		5	D
Misoprostel	Cytotec	5	D
Nedocromil	Tilade	5	D
Nizatidine	Axid	5	D
Omeprazole	Prilosec, Losec	5	D
Phenindione	Hedulin	5	D
Phenprocoumon	Liquamar	5	D
Pirenzapine	Gastrozepin	5	D
Ranitidine	Zantac	5	D
Warfarin	Coumadin, Coufarin	5	D

RACING MEDICATION AND TEST CONSORTIUM

SECTION VII: PENALTIES

DRAFT

JUNE 28, 2005

- A regulatory distinction must be made between the detection of therapeutic medications used routinely to treat racehorses and those drugs that have no reason to be found at any concentration in a test sample on race day.
- Penalties for all medication and drug violations should be investigated and reviewed on a case-by-case basis. Extenuating factors include, but are not limited to:
 - The past record of the trainer, veterinarian and owner in drug cases;
 - The potential of the drug(s) to influence a horse's racing performance;
 - The legal availability of the drug;
 - Whether there is reason to believe the responsible party knew of the administration of the drug or intentionally administered the drug;
 - The steps taken by the trainer to safeguard the horse;
 - The probability of environmental contamination or inadvertent exposure due to human drug use;
 - The purse of the race;
 - Whether the drug found was one for which the horse was receiving a treatment as determined by Medication Report Form, and;
 - Whether there was any suspicious betting pattern in the race.
 - Whether the licensed trainer was acting under the advice of a licensed veterinarian.

There may be mitigating circumstances for which a lesser or no penalty is appropriate for the licensee and aggravating factors which may increase the penalty beyond the minimum.

- A uniform, reasonable and equitable penalty schedule has been developed for each drug listed in the Association of Racing Commissioners International Uniform Classification Guidelines for Foreign Substances. Each drug was placed in one of four penalty schedules based upon the following criteria:
 - Whether the drug is approved by the U.S. Food and Drug Administration for use in the horse;
 - Whether the drug is approved by the U.S. Food and Drug Administration for use in any species;
 - Whether the drug has any legitimate therapeutic application in the equine athlete;
 - Whether the drug was identified as "necessary" by the RMTC Veterinary Advisory Committee
 - Whether legitimate, recognized therapeutic alternatives exist;
 - The current RCI Class of the drug.

- The following are recommended penalties for violations due to the presence of a Category "B" drug in pre- or post-race samples, for the presence of more than one NSAID in a plasma/serum sample, subject to the provisions set forth in Section II and for violations of the established levels for total carbon dioxide:

LICENSED TRAINER			
1st offense	2nd offense (365-day period)	3rd offense (365-day period)	
<ul style="list-style-type: none"> Minimum 15-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 60-day suspension. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Minimum fine of \$500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$1,000. 	<ul style="list-style-type: none"> Minimum 30-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a 180-day suspension. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Minimum fine of \$1,000 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$2,500. 	<ul style="list-style-type: none"> Minimum 60-day suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a one-year suspension. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Minimum fine of \$2,500 absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$5,000 or 5% of purse (greater of the two). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> May be referred to the Commission for any further action deemed necessary by the Commission. 	
LICENSED OWNER			
1st offense	2nd offense in stable (365-day period)	3rd offense in stable (365-day period)	
<ul style="list-style-type: none"> Disqualification and loss of purse in the absence of mitigating circumstances. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Horse must pass a commission-approved examination before becoming eligible to be entered. 	<ul style="list-style-type: none"> Disqualification and loss of purse in the absence of mitigating circumstances. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Horse must pass a commission-approved examination before becoming eligible to be entered. 	<ul style="list-style-type: none"> Disqualification, loss of purse and \$5,000 fine in the absence of mitigating circumstances. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> Horse shall be placed on the veterinarian's list for 45 days and must pass a commission-approved examination before becoming eligible to be entered. 	

- The following are recommended penalties for violations due to the presence of a Category “A” drug in pre- or post-race samples and for violations of Section V: Prohibited Practices:

LICENSED TRAINER		
1st offense	2nd LIFETIME offense	3rd LIFETIME offense
<ul style="list-style-type: none"> ◦ Minimum one-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of a three-year suspension. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$10,000 or 10% of advertised purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$25,000 or 25% of purse (greater of the two). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Commission for any further action deemed necessary by the Commission. 	<ul style="list-style-type: none"> ◦ Minimum three-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of license revocation with no reapplication for a three-year period. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$25,000 or 25% of advertised purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$50,000 or 50% of purse (greater of the two). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Commission for any further action deemed necessary by the Commission. 	<ul style="list-style-type: none"> ◦ Minimum five-year suspension absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of license revocation with no reapplication for a five-year period. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Minimum fine of \$50,000 or 50% of advertised purse (greater of the two) absent mitigating circumstances. The presence of aggravating factors could be used to impose a maximum of \$100,000 or 100% of purse (greater of the two). <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ May be referred to the Commission for any further action deemed necessary by the Commission.
LICENSED OWNER		
1st offense	2nd LIFETIME offense in owner's stable	3rd LIFETIME offense in owner's stable
<ul style="list-style-type: none"> ◦ Disqualification and loss of purse. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian's list for 90 days and must pass a commission-approved examination before becoming eligible to be entered. 	<ul style="list-style-type: none"> ◦ Disqualification and loss of purse. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian's list for 120 days and must pass a commission-approved examination before becoming eligible to be entered. 	<ul style="list-style-type: none"> ◦ Disqualification, loss of purse and \$50,000 fine. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Horse shall be placed on the veterinarian's list for 180 days and must pass a commission-approved examination before becoming eligible to be entered. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ◦ Referral to the Commission with a recommendation of a suspension for a minimum of 90 days.

- The following are recommended penalties for violations due to the presence of a Category "C" drugs and overages for permitted NSAIDs and furosemide in pre- or post-race samples:

LICENSED TRAINER	Phenylbutazone (5.1-9.9 mcg/ml) Flunixin (21-99 ng/ml) Ketoprofen (11-49 ng/ml) Furosemide (>100 ng/ml) and no furosemide when identified as administered**	Phenylbutazone (≥10.0 mcg/ml) Flunixin (≥100 ng/ml) Ketoprofen (≥50 ng/ml) and CLASS C Violations
1 st Offense (365-day period)	Minimum fine of \$250 absent mitigating circumstances	Minimum fine of \$500 absent mitigating circumstances
2 nd Offense (365-day period)	Minimum fine of \$500 absent mitigating circumstances	Minimum fine of \$1,000 and 15-day suspension absent mitigating circumstances
3 rd Offense (365-day period)	Minimum fine of \$1,000 and 15-day suspension absent mitigating circumstances	Minimum fine of \$2,500 and 30-day suspension absent mitigating circumstances
LICENSED OWNER	Phenylbutazone (5.1-9.9 mcg/ml) Flunixin (21-99 ng/ml) Ketoprofen (11-50 ng/ml) Furosemide (>100 ng/ml) and no furosemide when identified as administered**	Phenylbutazone (≥10.0 mcg/ml) Flunixin (≥100 ng/ml) Ketoprofen (≥50 ng/ml) AND CLASS C VIOLATIONS
1 st Offense (365-day period)		Loss of purse. Horse must pass commission-approved examination before being eligible to run
2 nd Offense (365-day period)		Loss of purse. If same horse, placed on veterinarian's list for 45 days, must pass commission-approved examination before being eligible to run
3 rd Offense (365-day period)		Loss of purse. Minimum \$5,000 fine. If same horse, placed on veterinarian's list for 60 days, must pass commission-approved examination before being eligible to run

All concentrations are for measurements in serum or plasma.

- Any Category "D" drug found to be present in a pre- or post-race sample may result in a written warning.
- Any drug or metabolite thereof found to be present in a pre- or post-race sample which is not classified in the most current RCI Uniform Classification Guidelines for Foreign Substances shall be classified by the regulatory body, which may seek the assistance of the Racing Commissioners International Drug Testing Standards and Practices Committee and/or the Racing Medication and Testing Consortium.
- The administration of a drug to a racing horse must be documented by the treating veterinarian through the filing of a Medication Report Form prescribed by the regulatory agency and filed with the regulatory agency designee at the racetrack where the horse is entered to run or as otherwise specified by the regulatory agency. The Medication Report Form must be filed not later than post time of the race for which the horse is entered. A timely and accurate filing of the Medication Report Form that is consistent with the analytical results of a positive test may be a mitigating factor in determining the nature and extent, if any, of a rules violation.
- Any veterinarian licensed by the regulatory agency or other licensee found to be responsible for the administration of any drug resulting in a positive test may be subject to the same penalties set forth for the licensed trainer.
 - In addition, any veterinarian found to be involved in the administration of any drug in Penalty Schedule A shall be referred to the State Licensing Board of Veterinary Medicine for consideration of further disciplinary action and/or license revocation.
- The licensed owner, veterinarian or any other licensed party involved in a positive laboratory finding shall be notified in writing of any action and their presence may be required at any and all hearings relative to the case. Administrative action may be taken against any licensed person found to be responsible or party to the improper administration of a drug or the intentional administration of a drug resulting in a positive test.
- Any licensee found to be in violation of state criminal statutes may be referred to the appropriate law enforcement agency.
- Administrative action taken by the regulatory body in no way prohibits a prosecution for criminal acts committed.
- Procedures shall be established to ensure that a licensed trainer is not able to benefit financially during the period for which the individual has been suspended. This includes, but is not limited to, ensuring that horses are not transferred to licensed family members.

RMTC PENALTIES WITH CHRB SUGGESTED CHANGES**CLASS 2****Barbiturates**

Remove.

They are a class of drugs, individual drugs within this class are listed separately.

Benzodiazepines

Remove.

They are a class of drugs, individual drugs within this class are listed separately.

Codeine

Change to penalty B.

Morphine can be a metabolite of codeine. Morphine is a penalty B drug.

Fluphenazine

Change to penalty B.

Used as a therapeutic medication by some California practitioners and has been listed as a "therapeutically" necessary medication by AAEP.

Meprobamate

Change to penalty B.

Can be a metabolite of carisoprodol and carisoprodol is a penalty B drug.

Propionylpromazine

Change to penalty B.

Same type of drug as acepromazine and promazine, which are penalty B drugs.

Reserpine

Change to penalty B.

Used as a therapeutic drug by some California practitioners and has been listed as a "therapeutically necessary medication by AAEP.

Tetracaine

Change to penalty B.

Other local anesthetics, such as lidocaine and mepivacaine, are penalty B drugs.

CLASS 3**Bitolterol**

Change to penalty B.

Other bronchodilators, such as albuterol and clenbuterol, are penalty B drugs.

Gabopentin

Change to penalty B.

Latest RCI Drug Classification Guidelines have as class 4. Therefore a penalty B is more appropriate.

Ketorolac

Change to penalty B.

A NSAID that has considerable analgesic properties.

Toresimide

Change to penalty B.

Similar to furosemide which is a penalty B drug.

CLASS 4

Benzocaine

Change to penalty C.

This is the same drug as ethylaminobenzoate, which is a penalty C drug.

Bromhexine

Change to penalty C.

A mucolytic drug similar to dembrexine which is a penalty C drug.

Carisoprodol

No penalty change recommended.

However, the latest RCI Drug Classification guidelines list as a class 2 drug.

Celecoxib

Change to penalty C.

Most NSAIDs are penalty C drugs.

Dextromethorphan

Change to penalty C.

Primarily used as a cough suppressant, and is an ingredient in several OTC cough meds.

Dihydroergotamine and ergotamine

Change to penalty C.

Similar to ergonovine, which is a penalty C.

Fenoprofen

Change to penalty C.

Most NSAIDs are penalty C.

Flufenamic acid

Change to penalty C.

Most NSAIDs are penalty C.

Hydrochlorthiazide

Change to penalty C.

Diuretic, similar to tricholrmethiazide, which is a penalty C drug.

Indomethacin

Change to penalty C.

Most NSAIDs are penalty C drugs.

Mefenamic acid

Change to penalty C.

Most NSAIDs are penalty C drugs.

Meloxicam

Change to penalty C.

Most NSAIDs are penalty C drugs.

Methocarbamol

Change to penalty C.

Commonly used therapeutic muscle relaxant which has a fairly long elimination time.

Piroxicam

Change to penalty C.

Most NSAIDs are penalty C drugs.

Rofecoxib

Change to penalty C.

Most NSAIDs are penalty C drugs.

Theobromine

Change to penalty C.

Same class of drugs as caffeine and theophyline, but has much lower potency and little effect on CNS.

Transexamic acid

Leave as penalty C

This drug is listed twice. Remove entry with penalty D.

Vedaprofen

Change to penalty C.

Most NSAIDs are penalty C drugs.

CLASS 5

Polyethylene glycol

Remove from list.

This is not a drug, but is used in some pharmaceutical preparations and can interfere with TLC screening. California no longer uses TLC screening.

STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS

REGULAR BOARD MEETING
JANUARY 23, 2007

Background:

This item contains end-of-meet reports for the recently concluded race meets. Staff is prepared to answer questions regarding the information presented.

Recommendation:

These items are for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board Meeting, January 23, 2007. This report includes a summary for the following racing meetings: BAY MEADOWS, PACIFIC RACING ASSOCIATION, HOLLYWOOD PARK-FALL, and SACRAMENTO HARNESS ASSOCIATION.

Bay Meadows

December 12, 2005 – December 18, 2006

Race days: 105

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. Daily Handle	-0.70%
Ave. On-Track	-8.08%
Ave. Off-Track	-9.53%
Ave. Out-Of-State	7.40%
Ave. ADW	10.75%
Ave. Daily Attendance-Calif.	-8.01%
Ave. On-Track	-5.82%
Ave. Off-Track	-9.89%

Pacific Racing Association

February 8 – October 15, 2006

Race days: 101

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. Daily Handle	-7.55%
Ave. On-Track	-3.26%
Ave. Off-Track	3.15%
Ave. Out-Of-State	-19.45%
Ave. ADW	9.71%
Ave. Daily Attendance-Calif.	-2.60%
Ave. On-Track	-4.56%
Ave. Off-Track	-1.42%

Hollywood Park - Fall
November 1 - December 18, 2006
Race days: 36

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. Daily Handle	10.82%
Ave. On-Track	4.48%
Ave. Off-Track	2.23%
Ave. Out-Of-State	18.66%
Ave. ADW	14.86%
Ave. Daily Attendance-Calif.	-6.91%
Ave. On-Track	-11.86%
Ave. Off-Track	-3.54%

Sacramento Harness Association
July 30 – December 16, 2006
Race days: 74

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. Daily Handle	1.59%
Ave. On-Track	-6.93%
Ave. Off-Track	-6.55%
Ave. Out-Of-State	28.34%
Ave. ADW	9.28%
Ave. Daily Attendance-Calif.	3.18%
Ave. On-Track	27.12%
Ave. Off-Track	0.31%

BAY MEADOWS OPERATING COMPANY

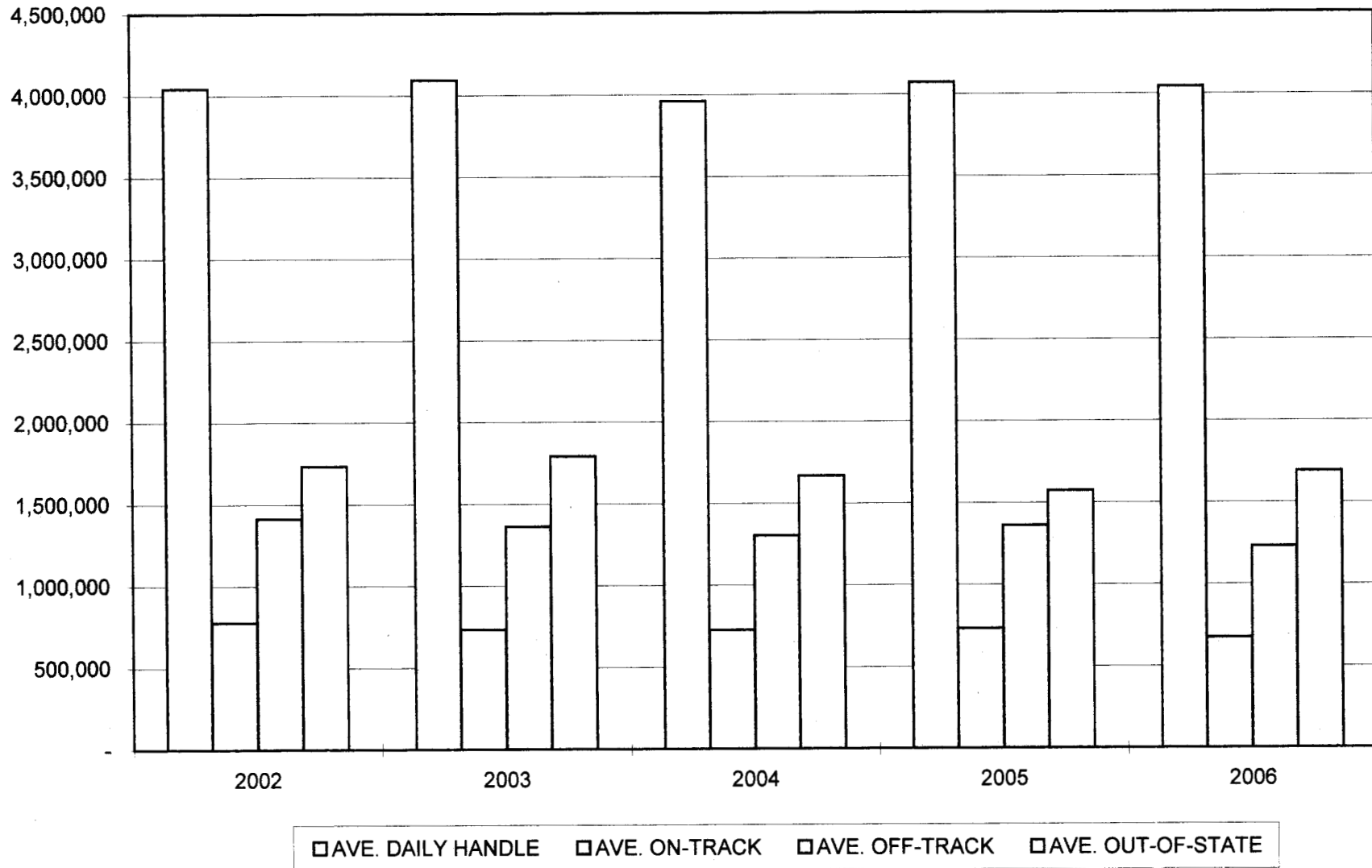
YEAR	2002	2003	2004	2005	2006
TOTAL RACE DAYS	105	105	104	104	105
TOTAL HANDLE	424,583,120	429,842,457	411,920,593	423,523,340	424,614,583
ON-TRACK	81,634,579	76,955,435	75,478,608	76,045,334	70,576,557
OFF-TRACK	148,251,696	142,892,890	135,549,027	141,458,089	129,201,183
OUT-OF-STATE	181,904,212	188,140,616	173,416,025	163,560,284	177,359,338
ADW	12,792,634	21,853,517	27,476,934	42,459,634	47,477,505
LIVE	272,192,690	282,050,285	267,159,698	270,733,622	285,966,495
OUT- OF- ZONE	78,942,911	76,425,184	67,650,514	73,490,469	66,917,113
INTERSTATE-IMPORT	72,822,007	71,366,989	73,298,367	70,998,409	61,474,555
INTERNATIONAL-IMPORT	625,512	-	3,812,013	8,300,840	10,256,419
AVE. DAILY HANDLE	4,043,649	4,093,738	3,960,775	4,072,340	4,043,948
AVE. ON-TRACK	777,472	732,909	725,756	731,205	672,158
AVE. OFF-TRACK	1,411,921	1,360,885	1,303,356	1,360,174	1,230,487
AVE. OUT-OF-STATE	1,732,421	1,791,815	1,667,462	1,572,695	1,689,137
AVE. ADW	121,835	208,129	264,201	408,266	452,167
AVE. LIVE	2,592,311	2,686,193	2,568,843	2,603,208	2,723,490
AVE. OUT-OF-ZONE	751,837	727,859	650,486	706,639	637,306
AVE. INTERSTATE-IMPORT	693,543	679,686	704,792	682,677	585,472
AVE. INTERNATIONAL-IMPORT	5,957	-	36,654	79,816	97,680
TOTAL TAKEOUT	80,289,760	83,470,774	81,185,881	83,531,687	83,527,076
EFFECTIVE TAKEOUT %	18.91%	19.42%	19.71%	19.72%	19.67%
STATE LICENSE FEES	2,641,085	2,582,193	2,429,602	2,620,181	2,551,327
STATE %	0.62%	0.60%	0.59%	0.62%	0.60%
TRACK COMMISSION	16,634,868	15,929,997	15,125,125	15,906,690	14,650,956
ADW COMMISSION	659,757	1,032,685	1,281,462	1,915,286	2,096,144
TOTAL COMMISSION	17,294,625	16,962,682	16,406,587	17,821,976	16,747,100
TRACK %	4.07%	3.95%	3.98%	4.21%	3.94%
HORSEMEN PURSES	15,940,118	15,340,328	14,550,453	15,320,409	14,088,305
ADW PURSES	627,498	992,404	1,229,204	1,835,457	2,013,039
TOTAL PURSES	16,567,616	16,332,732	15,779,657	17,155,865	16,101,344
HORSEMEN %	3.90%	3.80%	3.83%	4.05%	3.79%

BAY MEADOWS OPERATING COMPANY

YEAR	2002	2003	2004	2005	2006
CALIFORNIA ATTENDANCE	800,611	770,622	717,737	712,125	661,369
ON-TRACK	357,591	342,956	327,723	328,446	312,312
OFF-TRACK	443,020	427,666	390,014	383,679	349,057
DAILY ATTENDANCE	7,625	7,339	6,901	6,847	6,299
AVE. DAILY ON-TRACK	3,406	3,266	3,151	3,158	2,974
AVE. DAILY OFF-TRACK	4,219	4,073	3,750	3,689	3,324
TOTAL RACE EVENTS	893	891	878	880	890
STARTS	6,284	6,251	6,119	5,967	6,247
AVE. PER EVENT	7.0	7.0	7.0	6.8	7.0
AVE. HANDLE PER START	43,315	45,121	43,661	45,372	45,777

Chart1

BAY MEADOWS OPERATING COMPANY



AVERAGE DAILY HANDLE

PACIFIC RACING ASSOCIATION

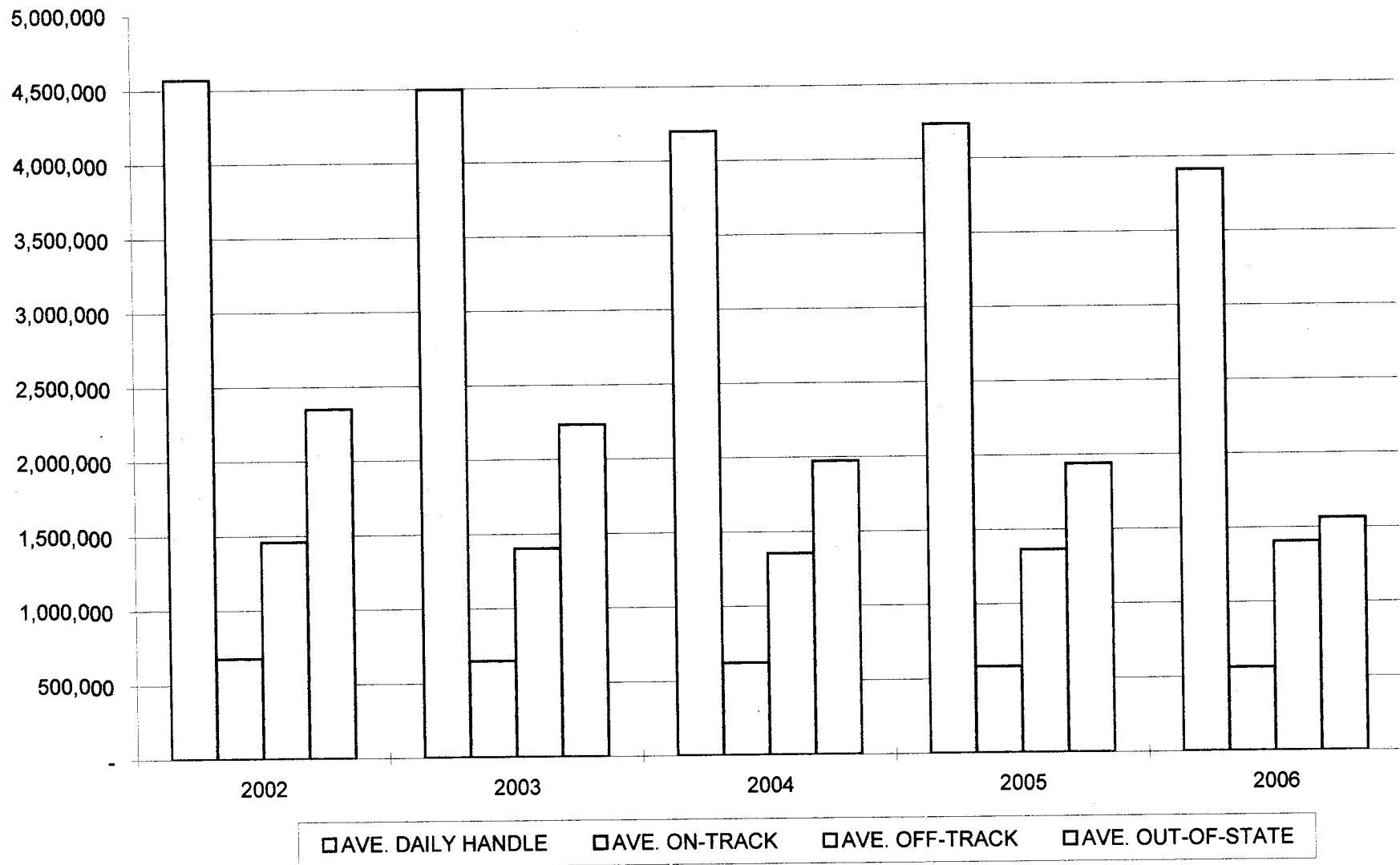
YEAR	2002	2003	2004	2005	2006
TOTAL RACE DAYS	106	105	106	103	101
TOTAL HANDLE	484,297,380	471,891,192	444,977,463	435,843,312	395,115,632
ON-TRACK	71,658,203	68,070,821	65,847,918	59,817,436	56,743,646
OFF-TRACK	154,420,082	147,222,103	143,504,525	140,436,504	142,046,643
OUT-OF-STATE	249,007,964	234,344,902	208,997,281	199,789,824	157,813,106
ADW	9,211,131	22,253,365	26,627,739	35,799,549	38,512,237
LIVE	343,909,733	334,911,149	308,351,427	303,553,829	253,116,298
OUT-OF-ZONE	82,606,859	78,002,203	74,635,253	59,724,543	69,332,102
INTERSTATE-IMPORT	57,687,130	58,954,864	61,963,129	63,085,559	63,112,500
INTERNATIONAL-IMPORT	93,659	22,975	27,654	9,479,381	9,554,732
AVE. DAILY HANDLE	4,568,843	4,494,202	4,197,901	4,231,488	3,912,036
AVE. ON-TRACK	676,021	648,294	621,207	580,752	561,818
AVE. OFF-TRACK	1,456,793	1,402,115	1,353,816	1,363,461	1,406,402
AVE. OUT-OF-STATE	2,349,132	2,231,856	1,971,672	1,939,707	1,562,506
AVE. ADW	86,897	211,937	251,205	347,568	381,309
AVE. LIVE	3,244,431	3,189,630	2,908,976	2,947,125	2,506,102
AVE. OUT-OF-ZONE	779,310	742,878	704,106	579,850	686,456
AVE. INTERSTATE-IMPORT	544,218	561,475	584,558	612,481	624,876
AVE. INTERNATIONAL-IMPORT	884	219	261	92,033	94,601
TOTAL TAKEOUT	92,014,373	91,133,857	86,714,882	85,984,184	78,081,695
EFFECTIVE TAKEOUT %	19.00%	19.31%	19.49%	19.73%	19.76%
STATE LICENSE FEES	3,187,543	3,076,042	2,924,513	2,746,397	2,531,991
STATE %	0.66%	0.65%	0.66%	0.63%	0.64%
TRACK COMMISSION	17,466,128	16,542,844	15,736,735	14,851,441	14,153,284
ADW COMMISSION	462,429	1,074,314	1,278,258	1,735,823	1,858,102
TOTAL COMMISSION	17,928,557	17,617,159	17,014,993	16,587,264	16,011,386
TRACK %	3.70%	3.73%	3.82%	3.81%	4.05%
HORSEMEN PURSES	17,062,031	16,154,949	15,340,536	14,431,995	13,769,222
ADW PURSES	447,882	1,046,479	1,245,078	1,686,866	1,797,824
TOTAL PURSES	17,509,913	17,201,428	16,585,614	16,118,861	15,567,045
HORSEMEN %	3.62%	3.65%	3.73%	3.70%	3.94%

PACIFIC RACING ASSOCIATION

YEAR	2002	2003	2004	2005	2006
CALIFORNIA ATTENDANCE	723,671	690,221	670,820	634,636	606,103
ON-TRACK	263,275	248,761	248,215	239,411	224,054
OFF-TRACK	460,396	441,460	422,605	395,225	382,049
DAILY ATTENDANCE	6,827	6,574	6,328	6,162	6,001
AVE. DAILY ON-TRACK	2,484	2,369	2,342	2,324	2,218
AVE. DAILY OFF-TRACK	4,343	4,204	3,987	3,837	3,783
TOTAL RACE EVENTS	882	890	886	866	855
STARTS	6,863	6,524	6,280	6,361	5,725
AVE. PER EVENT	7.8	7.3	7.1	7.3	6.7
AVE. HANDLE PER START	50,111	51,335	49,101	47,721	44,212

CHART1

PACIFIC RACING ASSOCIATION



AVERAGE DAILY HANDLE

HOLLYWOOD PARK FALL MEET

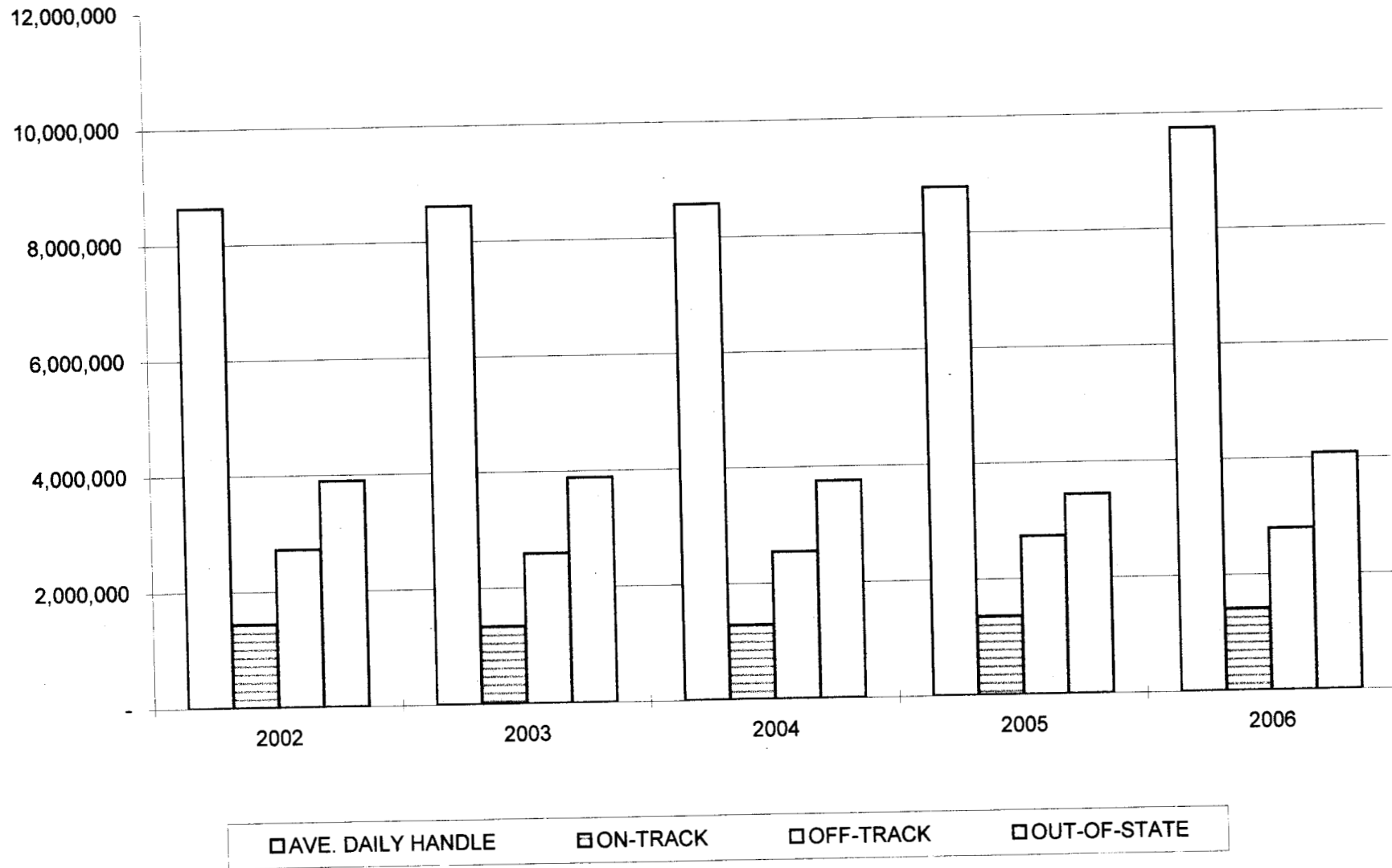
YEAR	2002	2003	2004	2005	2006
TOTAL DAYS	35	30	36	27	36
TOTAL HANDLE	302,141,319	258,255,390	308,623,025	237,180,131	350,455,264
ON-TRACK	50,560,841	40,190,594	46,270,068	36,628,437	51,023,652
OFF-TRACK	95,384,333	77,753,538	91,531,818	73,777,828	100,568,379
OUT-OF-STATE	136,460,249	116,503,255	134,993,968	92,921,818	147,019,485
ADW	19,735,896	23,808,002	35,827,172	33,852,047	51,843,748
LIVE	238,453,259	206,813,507	246,821,844	180,693,370	279,537,890
OUT-OF-ZONE	32,947,911	25,791,121	31,381,784	24,948,159	26,859,830
INTER-STATE IMPORTED	30,693,383	25,650,762	30,419,398	31,538,602	38,247,704
INTERNATIONAL IMPORTED	46,766	-	-	-	5,809,841
AVE. DAILY HANDLE	8,632,609	8,608,513	8,572,862	8,784,449	9,734,868
ON-TRACK	1,444,595	1,339,686	1,285,280	1,356,609	1,417,324
OFF-TRACK	2,725,267	2,591,785	2,542,551	2,732,512	2,793,566
OUT-OF-STATE	3,898,864	3,883,442	3,749,832	3,441,549	4,083,875
ADW	563,883	793,600	995,199	1,253,780	1,440,104
AVE. CALIFORNIA HANDLE	4,169,862	3,931,471	3,827,830	4,089,121	4,210,890
AVE. LIVE	6,812,950	6,893,784	6,856,162	6,692,347	7,764,941
OUT-OF-ZONE	941,369	859,704	871,716	924,006	746,106
INTERSTATE IMPORTED	876,954	855,025	844,983	1,168,096	1,062,436
INTERNATIONAL IMPORTED	1,336	-	-	-	161,384
TOTAL TAKEOUT	54,842,475	48,917,136	60,467,804	46,582,606	68,564,819
EFFECTIVE TAKEOUT	18.15%	18.94%	19.59%	19.64%	19.56%
STATE LICENSE FEES	3,345,482	2,740,254	3,227,706	2,479,104	3,498,313
STATE %	1.11%	1.06%	1.05%	1.05%	1.00%
TRACK COMMISSIONS	10,550,267	8,708,949	10,159,702	7,831,267	11,003,806
ADW COMMISSIONS	833,797	1,054,810	1,567,885	1,557,548	2,195,506
TOTAL COMMISSIONS	11,384,064	9,763,760	11,727,587	9,388,815	13,199,312
TRACK %	3.77%	3.78%	3.80%	3.96%	3.77%
HORSEMENS PURSES	10,324,193	8,511,829	9,938,557	7,649,268	10,753,964
ADW PURSES	813,347	1,028,866	1,526,696	1,517,146	2,139,173
TOTAL PURSES	11,137,540	9,540,694	11,465,253	9,166,414	12,893,137
HORSEMENS %	3.69%	3.69%	3.71%	3.86%	3.68%

HOLLYWOOD PARK FALL MEET

YEAR	2002	2003	2004	2005	2006
CALIFORNIA ATTENDANCE	538,144	444,524	506,303	361,556	448,786
ON-TRACK	226,033	195,475	223,766	146,261	171,882
OFF-TRACK	312,111	249,049	282,537	215,295	276,904
DAILY ATTENDANCE	15,376	14,817	14,064	13,391	12,466
AVERAGE DAILY ON - TRACK	6,458	6,516	6,216	5,417	4,775
AVERAGE DAILY OFF - TRACK	8,917	8,302	7,848	7,974	7,692
TOTAL RACE EVENTS	299	258	308	228	315
STARTS	2,204	1,920	2,320	1,698	2,658
AVERAGE STARTS PER EVENT	7.4	7.4	7.5	7.4	8.4
AVERAGE HANDLE PER START	108,191	107,715	106,389	106,415	105,169

Chart1

HOLLYWOOD PARK - FALL



AVERAGE DAILY HANDLE

SACRAMENTO HARNESS ASSOCIATION

YEAR	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006
TOTAL RACE DAYS	46	87	43	53	74
TOTAL HANDLE	41,612,833	90,158,156	35,818,106	47,313,151	67,112,715
ON-TRACK	3,332,960	6,056,937	2,405,942	3,105,065	4,035,147
OFF-TRACK	27,524,320	56,696,734	20,933,718	29,103,887	37,972,691
OUT-OF-STATE	9,766,282	18,185,779	7,150,570	7,736,042	13,862,716
ADW	989,271	9,218,707	5,327,877	7,368,157	11,242,161
LIVE	32,713,458	71,133,222	28,011,355	36,913,197	53,621,360
INTERSTATE IMPORTED	8,535,894	18,707,952	7,543,217	10,317,234	13,062,690
INTERNATIONAL IMPORTED	363,481	316,982	263,534	82,720	428,665
AVERAGE DAILY HANDLE	904,627	1,036,301	832,979	892,701	906,929
ON-TRACK	72,456	69,620	55,952	58,586	54,529
OFF-TRACK	598,355	651,687	486,831	549,130	513,144
OUT-OF-STATE	212,310	209,032	166,292	145,963	187,334
AVE. ADW	21,506	105,962	123,904	139,022	151,921
AVE. CALIF. DAILY HANDLE	670,810	721,307	542,783	607,716	567,673
AVERAGE LIVE	711,162	817,623	651,427	696,475	724,613
INTERSTATE IMPORTED	185,563	215,034	175,424	194,665	176,523
INTERNATIONAL IMPORTED	7,902	3,643	6,129	1,561	5,793
TOTAL TAKEOUT	9,159,894	18,266,983	7,990,212	10,657,176	15,104,289
EFFECTIVE TAKEOUT	22.01%	20.26%	22.31%	22.52%	22.51%
STATE LICENSE FEES	186,215	369,565	143,699	189,643	202,795
STATE %	0.45%	0.41%	0.40%	0.40%	0.30%
TRACK COMMISSIONS	2,154,255	4,298,294	1,609,945	2,111,950	2,747,411
ADW COMMISSIONS	48,781	493,275	281,802	390,944	535,728
TOTAL COMMISSIONS	2,203,036	4,791,569	1,891,747	2,502,894	3,283,139
TRACK %	5.29%	5.31%	5.28%	5.29%	4.89%
HORSEMEN'S PURSES	2,014,110	4,009,844	1,449,083	2,112,010	2,747,453
ADW PURSES	45,713	460,816	263,018	367,629	535,831
TOTAL ADW	2,059,823	4,470,660	1,712,102	2,479,639	3,283,285
HORSEMEN'S %	4.95%	4.96%	4.78%	5.24%	4.89%

SACRAMENTO HARNESS ASSOCIATION

YEAR	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006
CALIFORNIA ATTENDANCE	186,184	334,164	156,385	192,623	277,486
ON-TRACK	20,082	23,824	17,714	20,568	36,505
OFF-TRACK	166,102	310,340	138,671	172,055	240,981
DAILY ATTENDANCE	4,047	3,841	3,637	3,634	3,750
AVERAGE DAILY ON - TRACK	437	274	412	388	493
AVERAGE DAILY OFF - TRACK	3,611	3,567	3,225	3,246	3,257
TOTAL RACE EVENTS	569	1,120	538	667	930
STARTS	4,260	8,769	4,074	5,143	7,250
AVERAGE STARTS PER EVENT	7.5	7.8	7.6	7.7	7.8
AVERAGE HANDLE PER START	7,679	8,112	6,876	7,177	7,396

SACRAMENTO HARNESS ASSOCIATION

